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ROYAL COMMISSION ON DOMINION PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

Manitoba

Vol. 3, Pt. 1-3

DEC 6 - 1937 - Dec. 8, 1937

Official Reporters:

H. E. Oliver
T. S. Hubbard



WINNIPEG, MANITOBA, DECEMBER 6, 1937

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

WINNIPEG, MANITOBA, DECEMBER 6, 1937

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Law Courts, Winnipeg, Manitoba, on Monday, December 6, 1937, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
JOHN W. DAFOE, Esq.)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

Louis S. St. Laurent, Esq., K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary
Adjutor Savard, Esq.	Secrétaire Français

FOR THE MANITOBA GOVERNMENT:

Honourable William J. Major	Attorney General
Honourable Stuart Garson	Provincial Treasurer
A. Macnamara, Esq.	Deputy Minister, Public Works and Labour
Isaac Pitblado, K.C.	Public Works and Labour Counsel

FOR THE PROVINCE OF BRITISH COLUMBIA:

Senator J. W. Farris, K.C.	Counsel
----------------------------	---------

FOR THE PROVINCE OF ONTARIO:

D. W. Lang, K.C.	Counsel
------------------	---------

FOR THE WINNIPEG BOARD OF TRADE:

C. E. Stockdill	President
E. C. Gilliat	Managing Secretary
C. A. Adamson	Member of Subcommittee on Brief

FOR THE CITY OF WINNIPEG:

J. Preudhomme, K.C.	City Solicitor
Alderman E. D. Honeyman	Chairman Finance Cte.
W. B. Brown, Esq.	Deputy Treasurer

FOR THE UNION OF MANITOBA MUNICIPALITIES:

C. J. Macleod, Esq.	Solicitor
W. H. French, Esq.	President
John Spalding, Esq.	Secretary

FOR THE RURAL MUNICIPALITY OF ST. JAMES:

Ronald Hooper, Esq.	Reeve
R. J. Weatherall, Esq.	Secretary-treasurer
J. S. Hanna, Esq.	---

(Page 789 follows)

Law Courts,
Winnipeg, Manitoba,
December 6, 1937.

MORNING SESSION

The Commission met at 10.30 a.m.

HON. MR. GARSON: Mr. Chairman, I have a very short statement to make. Last week certain news stories ascribed to me the suggestion that such a tax as the Manitoba 2 per cent Special Income Tax, earmarked for relief purposes, imposed upon a national scale, and distributed according to need, might help finance the unemployment relief problem. Nowhere in either Manitoba's printed brief or in my own oral testimony is Manitoba's 2 per cent Special Income Tax specifically offered as an example or a model for a nation-wide relief tax levy. Apparently, therefore, the suggestion attributed to me must have been inferred from what might be called the general sense of my testimony. This inference--this suggestion ascribed to me--is quite different from the intended meaning of the language which I used. The language in question was not intended to create the impression in anyone's mind that I was recommending or suggesting the Manitoba 2 per cent Special Income Tax as a tax or model or example of a tax which should be used on a nation-wide scale to finance unemployment relief.

MR. CHAIRMAN: Thank you. There is one question I wanted to ask of you, Mr. Garson, in connection with your suggest plan for refunding. You made no distinction between Manitoba government bonds bearing different interest rates, and which are being sold on the market, as I understand it, at different prices, the price level on the market being determined by the interest rate they bear. What is the view or opinion of the Manitoba government in respect to that?

HON. MR. GARSON: Mr. Chairman, in developing the suggestions contained in Part IX, we had thought that the

points you mention were a matter of detail that would have to be arranged for when the time came. Without taking up too much time, I suppose there are alternative methods by which that might be done. For example, one might be to refund on the basis of the average market price of any given bond over a period of as long as one liked to take previous to the conversion, or say for the period of a year previous, assuming that the market price would reflect the difference in interest rates and all the other factors which ordinarily determine market price. That is one alternative.

There are two or three alternatives by which that difficulty might be overcome, and the reason why they were not pointed out or developed in the brief was that in order to deal with all of them, or to confine ourselves to selecting even the most suitable of them, would have involved a very long and detailed discussion, which we thought was not necessary at that stage. What we have intended to say here was that the average rate of the new issue should be $3\frac{1}{2}$ per cent, and then, if the slack were taken up in respect of the coupons, the coupons varying above and below that average rate, the new refunding bonds would bear just one coupon rate and the necessary adjustment would be made in the price.

THE CHAIRMAN: That answers the point. The only point I had in mind was whether in your suggestion you contemplated that there should be a variation having regard to the variation in the market price.

HON. MR. GILSON: Oh, yes, surely, because they are all purchased on the basis of that variation.

THE CHAIRMAN: I think we were to hear this morning from Mr. Macnamara--a good old Irish name.

A. MACNAMARA, Assistant Deputy Minister, Department

of Public Works, Manitoba, was called and examined.

MR. MACNAMARA: Mr. Chairman, my minister has two portfolios, Public Works and Labour. For the convenience of the Commission I have prepared two charts, and this one--I do not know whether it can be seen by the Commission at this distance--is for the Public Works department. I have divided the Public Works department into seven branches: Good Roads; Reclamation Branch; Central Power House; Government Institutions; Insurance Branch; Maintenance of Public Buildings, and Unemployment Relief.

THE CHAIRMAN: You have a great variety of services coming under one department?

MR. MACNAMARA: Yes, sir. I have prepared three briefs in connection with the Public Works department, one covering five of the branches--Good Roads, Reclamation, Central Power House, Government Institutions, and Maintenance of Public Buildings. In effect, the brief is a denial of any suggestion of duplication of services. It covers Good Roads, Reclamation Branch, Central Power House, Government Institutions, and Maintenance of Public Buildings, and it gives a brief description of the work done. The item of Good Roads is under the supervision of a Highway Commissioner, who has charge of the construction and maintenance of provincial trunk highways. The Good Roads system consists of 1,620 miles of gravelled-surfaced highways, and 248 miles of hard-surfaced roads. We have some winter maintenance work--

THE CHAIRMAN: I do not think we need go into as great detail as that.

MR. MACNAMARA: Possibly I should skip that and come to the corresponding department of the Dominion government.

THE CHAIRMAN: Just indicate the situation in a general way, as we are not concerned with all the details.

MR. MACNAMARA: Yes, sir. In connection with these five branches, the provincial Public Works department comes in contact, or you might say rubs elbows with the Railway Commission in regard to grade crossings, in regard to navigable waters, in regard to international streams. Something might be said about public buildings, and highways and parks. As I have said, the brief is a denial of any overlapping in these branches. We think that our contact with the Railway Commission, for example, in connection with highway construction, or drainage construction across the railway right-of-way is necessary. We think that there must be Railway Commission control there.

With respect to navigable waters, if we want to build any structures over navigable waters, we think quite readily that we should consult the Dominion jurisdiction.

As to international waters, it will be obvious to you, sir, that the Dominion government will have supervision there; and if we want to construct any highway bridges over international waters we expect to submit our plans to the Dominion government.

It has been suggested that there is no reason why we should have Dominion and provincial public building maintenance in the one province. It is true that the Dominion government has in this province a public maintenance department, and likewise the province also has. But the combining of the two departments would in my judgment lead to absolute confusion, and there would be no advantage in such an arrangement.

As far as highways are concerned, the only highways that the Dominion government builds in this province are those within the National Parks, and the supervision of this work is under the staff of the Parks. Their work is to a large

extant quite apart from the work being carried out in connection with the highways of the province. It would not seem feasible to take over highway construction in the parks unless the whole Parks were under the jurisdiction of the province.

THE CHAIRMAN: Does the Trans-Canada Highway run through the Parks?

MR. MACNAMARA: Yes, my Lord. The Trans-Canada Highway is being built by the province and by the Dominion.

Under General Remarks, I have simply said that examples could be given to illustrate how readily arrangements can be entered into for the provincial government organization to carry out works which are purely or partly federal. For example, in connection with the development of the International Peace Garden in the southwestern corner of the province, the Dominion government has made special grants towards this work in the last two years, and having no federal staff here to do that work it has made arrangements with the provincial government to carry out the undertaking and to bill the Dominion government with the cost.

I submit that in the case of these five branches there is no unnecessary duplication.

I come now to the Insurance Branch. I frankly admit that I do not know as much about this branch as I should like to, and if the Commission desires to hear an extra witness the superintendent might be called.

THE CHAIRMAN: I rather gathered from the brief of the government that the Manitoba government thought that this whole insurance question should come wholly under federal jurisdiction?

MR. MACNAMARA: I understand that that has been suggested, my Lord. The memorandum I have here says:

"As to the question of over-lapping, it is true that the province licenses and collects fees from British, Foreign and Canadian companies, as does the Dominion. The Dominion stresses financial condition, inspection and administration of deposits. The province concentrates on supervision of agents and contracts, and in addition supervises insurance on Provincial Government buildings. A clear understanding exists as to the functions of each government department."

The suggestion made by our Superintendent of Insurance is that as the Dominion has an Insurance Department;

"As to coordination of work, the Dominion insurance Department gives a great deal of attention to the supervision for solvency of insurance companies. The Manitoba department does not duplicate the efforts of the Dominion department in this field. It would clarify the situation if the responsibility for supervision for solvency were definitely understood to be on the Dominion department."

THE CHAIRMAN: Of course, as you know, there has been the greatest difficulty in dealing with this matter. Or to put it another way, there are few questions arising between the Dominion and the provinces which have given rise to more litigation or reference to the courts than this question of insurance. It is one of the cases where there is undoubtedly in at least some of the provinces overlapping.

MR. MACHAMARA: In our Insurance department we have not attempted to do any great amount of auditing or checking up of companies except those that are purely provincial, and there is a very small number of them.

THE CHAIRMAN: Am I right, Mr. Pitblado, in my understanding, that this was one of the public services which it was suggested that the Dominion government might take over?

MR. PITBLADO: Yes, sir, that is correct. The Deputy here is simply confining himself to giving an outline of the work which is done in the province, and how far it overlaps, and none of the Deputies appearing before the Commission is intending to give any viewpoint as to the government's policy as to dividing up the work between federal and provincial jurisdictions or having it done wholly by one or the other. The superintendent does show in this memorandum the work that he is doing, and that it is different in some respects from what the Dominion department is doing, but that in other respects it is registration of the same companies over which the Dominion government has supervision.

MR. MACNAMARA: I come now to the memorandum on unemployment relief, which is a matter that also comes under the Public Works department. In addition to the short brief which I have submitted, I have attached a copy of a statement showing the expenditure from October 1, 1930, to March 31, 1937, showing in some detail how the Dominion, the province and the municipalities share in that expenditure. I have also attached a copy of the most recent monthly report which the department turns out, namely, that for the month of September; also the Rules and Regulations in regard to the Greater Winnipeg relief situation. It scarcely seems necessary for me to read this memorandum.

THE CHAIRMAN: Just one or two questions, Mr. Macnamara. Under your Rules and Regulations you draw a distinction between the employable unemployed and the unemployable?

MR. MACNAMARA: Yes, this province and the city of

Winnipeg is one of the few places in Canada where that distinction has been maintained.

THE CHAIRMAN: Yes, it struck me as a very interesting feature in looking over your brief and the regulations. It is quite an important matter in dealing with this whole question of unemployment relief.

MR. MACNAMARA: I might explain that our line of demarcation is applied as of the date when the applicant first asks for relief. We admit that many who are now on relief have possibly become unemployable due to the very relief system which we have been following.

THE CHAIRMAN: I suppose that the regulations--I have not checked them up to see whether this is so--define the distinction between the two classes. How do you determine whether a man comes in the one class or the other, unemployable or employable?

MR. MACNAMARA: We say this, that unemployment relief is to be issued only to employable persons or their dependents who are destitute through unemployment. A family which would not be self-supporting under normal economic conditions is to be dealt with as purely a municipal problem.

THE CHAIRMAN: Who determines that?

MR. MACNAMARA: When the applicant applies for relief he makes a sworn statement in which he sets out his physical condition, and periodically the applicants appear before the provincial registration board. If there is any doubt as to the employability of the applicant he is referred to two medical officers, one representing the municipality and the other representing the province.

THE CHAIRMAN: Then, as I understand it, the entire burden for relief of the unemployable rests upon the municipi-

pality?

MR. MACNAMARA: Exactly

THE CHAIRMAN: And the province assumes no share of that burden under the existing arrangement?

COMMISSIONER MacKAY: Is there an age limit with respect to the unemployable?

MR. MACNAMARA: No. A man may be over one hundred, and if he can work and is unemployed, he gets unemployment relief.

THE CHAIRMAN: Have you figures which would indicate what is the percentage in the city of Winnipeg of those requiring relief who are unemployables?

MR. MACNAMARA: I have the figure, my Lord, for the unemployment relief section only. The city itself has a Social Welfare Commission which deals with the unemployables, and the city, no doubt, will be putting in those figures.. I should like to make this plain--I have said it before--that many of our unemployed relief cases have become partially unemployable since they have been on relief. We have kept that particular class on unemployment relief because we recognize that the dole system has probably had a good deal to do with making them unemployable.

THE CHAIRMAN: Why do you say they are unemployable, Mr. Macnamara?

MR. MACNAMARA: Oh, from my own knowledge of them and from seeing them quite frequently. For example, we have 2,000 single homeless men whom we feed in the city of Winnipeg to-day, and who are so physically incapacitated that they could not take a job on a farm. They cannot take an ordinary labouring job. They cannot take a job in the bush, for example. They might be able to pick up leaves in the park, or some work of that class.

THE CHAIRMAN: What age would these men be?

MR. MACNAMARA: Fifty-five, sixty, and knocking at the door of seventy. As soon as they become of pensionable age, they apply for the old age pension.

THE CHAIRMAN: Do you say it is because their strength has declined from lack of employment that they are unemployable?

MR. MACNAMARA: I would say this, my Lord, that a man on unemployment relief who is getting along in years, sixty-five or sixty-eight, and who stays on unemployment relief for two or three years, well, the system itself pretty well converts him into an idler. It is not because we are not giving them enough food or that they are not getting enough to eat, but simply that they become accustomed to living in idleness, and their pep and ambition has gone.

THE CHAIRMAN: That is beyond the scope of our inquiry, but it raises a very interesting question. Is there any method--I am now thinking of the suggestion which the Manitoba government has made that this is not a temporary problem but a permanent one--by which this unemployability might be prevented in dealing with men who are unemployed?

MR. MACNAMARA: We have had a degree of success, and I might say considerable success, in putting these elderly men at work in camps, building highways in our forest reserves. We have some three hundred of them at the present time in these camps, and they are doing very good work. After three or four months they seem to come back to physical normalcy. We think we are doing a job of rehabilitation in that line. We tried one other plan of using them as chore boys on farms, paying the farmer five dollars a month and the man five dollars a month. We had no trouble in finding farmers who were willing

to take them--I am speaking of the summer time and of this special plan--but the men themselves simply refused to go, and we naturally would not send a farmer a man who was unwilling to go because under those circumstances he would be just a nuisance.

We have also given some thought to community farms, but we have not developed that idea, sir.

THE CHAIRMAN: Do you think there is pretty sound common sense in the statement that if a man will not work, neither shall he eat?

MR. MACNAMARA: In fairness to these men, it should be said, my Lord, a great many of them are what might be called "white collar" men who have not been accustomed to do labouring work.

THE CHAIRMAN: Not accustomed to heavy work?

MR. MACNAMARA: Exactly.

MR. PITBLADO: That is one of the serious problems to-day, that a lot of these men have held office positions and have not been used to hard physical work, and it is impossible to send them to a farm for they would not be able to do the work and would be no good to the farmer.

THE CHAIRMAN: I was thinking of ordinary work.

MR. MACNAMARA: I would like to say, my Lord, that the Commission might find it very interesting to come down and see our dining hall in the city. It is operating continuously and I am sure it would be a valuable experience. We would be very glad to arrange it for any day when you have the time, sir.

THE CHAIRMAN: What time do they take their meals?

MR. MACNAMARA: They start in with breakfast at 7.30 in the morning and that is on until 10.00 o'clock and the other meal--we only give them two meals--is at 4 in the afternoon

and it runs on to 5.30 or six o'clock .

THE CHAIRMAN: Thank you.

MR. MACNAMARA. I have just one conclusion in my memorandum on unemployment relief, and that is with respect to the question whether the administration of unemployment relief could be more economically and efficiently done under one department, and my conclusion is this:

"it is the considered recommendation of the Province of Manitoba that the Dominion government could take over the administration of the entire problem of Unemployment Relief in Canada, including the Province of Manitoba.

The reasons advanced for this recommendation are:

- (1. The local governments, both Provincial and municipal, would be relieved of a financial burden which is beyond their capacity to carry;
2. By having a central control, standard regulations as to qualifications could be enforced;
3. Maximum relief schedules comparable with possible earning power could be set up;
4. Unemployment Relief could be linked up with the National Unemployment Insurance later.
5. By taking the administration of relief out of the hands of elected municipal councillors, the immediate pressure from relief applicants upon an elected representative would be minimized.
6. The suggestion is advanced that the Dominion government, through a Commission acting through the Employment Service of Canada (if taken over as a Dominion department) could efficiently administer relief without any possibility of

"political influence affecting the issuance of relief."

THE CHAIRMAN: Have you any questions, Mr. St. Laurent?

BY MR. ST. LAURENT:

Q. Just on that point, Mr. Macnamara, as to administration costs, is it your opinion that there might be a lessening of administration costs if there was one centralized administration of unemployment relief? A. No, I think not.

Q. You think the cost would not be less than at the present time? A. Exactly.

Q. I notice in this very full statement of the amounts expended from October 1, 1930, to March 1, 1937, on page 6 there is one charge, Winnipeg administration, \$1,26,453.82, the whole amount of which is then carried forward to the column showing the charges borne by the municipality exclusively?

A. Yes.

Q. And that appears to be the only administration charge that is set against the individual municipality. Is there something special in that account? A. The administration of Winnipeg relief is quite heavy. They maintain a staff of about one hundred men. In the other municipalities where the relief problem is not as great, they may have only one man or none. We have not those figures. This is the figure for Winnipeg alone.

Q. That is the cost of the administration of unemployment relief in the city of Winnipeg? A. Yes, sir.

THE CHAIRMAN: For how long a period?

BY MR. ST. LAURENT:

Q. It is for a period of about seven years, is it not?

A. Yes.

Q. \$1,286,000, almost \$200,000 a year? A. Yes, sir.

Q. Is that expenditure in any way supervised by the province,

or are the figures obtained by the province from the municipal administration? A. The supervision we exercise is done through the Winnipeg Unemployment Relief Committee, of which I am a member. That committee is responsible for the spending of that money. It is all civic money.

Q. It is all city money? A. Yes.

Q. Is that in addition to anything that Winnipeg had to spend before the problem became acute? A. Oh, yes, sir.

Q. It is no portion of the general overhead of the city of Winnipeg? A. Absolutely not. This, of course, does not include the provincial administration figure.

Q. No, but I noticed in the brief a general statement that the administration figure--it says on page 3 of the Summary that provincial administration costs have not been more than 5 per cent of the total? A. Yes, that is my estimate.

Q. Would that 5 per cent be based on the total expenditure ultimately borne by the province or the total amount expended by the three authorities? A. The total of the provincial share.

Q. The total of the provincial share? A. Yes.

Q. And would it take into account the province's share in the relief monies expended in the city of Winnipeg?

A. Oh yes.

Q. So that as to the monies expended in the city of Winnipeg, the amount I think is shown on page 5 of the Statement as \$7,218,290, plus a special charge on page 6 of \$26,457?

A. Yes, sir.

Q. So that the proper amount expended on that service, Winnipeg's share of that \$7,250,000 in round figures, involves an expenditure amounting to \$1,286,000? A. The seven millions is the total for Winnipeg.

Q. Yes, \$7,250,000? A. Yes, I would say that is correct.

MR. PITBLADO: Mr. St. Laurent, I think that Winnipeg in its administration administers also its share of the relief funds that are paid by the province, and the \$1,286,000 spent by the City of Winnipeg is in relation to an expenditure of \$19,929,000.

MR. ST. LAURENT: Yes, but there was presumably some federal cost involved there.

MR. PITBLADO: Oh yes, that is true.

MR. ST. LAURENT: There was something under 5 per cent of provincial costs, on the one hand.

MR. PITBLADO: Yes.

MR. ST. LAURENT: And something like 18 per cent of municipal costs.

MR. PITBLADO: Yes. While you are on page 6, there is a very interesting summary, Mr. Chairman, at the bottom of page 6 showing the expenditures from October 1, 1930, to March 31, 1937, at the end of the unemployment column, and that is what Mr. St. Laurent is examining on; that is the expenditures on relief. I do not think that summary should be passed without looking at it.

THE CHAIRMAN: It is on the last page?

MR. PITBLADO: On page 6.

MR. ST. LAURENT: It shows the total expenditure from the three exchequers to be almost twenty-nine dollars.

MR. PITBLADO: But what I am interested in there, is that it shows that 64 per cent of the cost of unemployment relief is in the City of Winnipeg, and then you add .70 for city transients. The suburban municipalities are the municipalities immediately adjoining the city of Winnipeg, which have been spoken of before, and which are in what we call Greater Winnipeg. If you add all those together you see where

the large proportion of unemployment relief expenditure is spent, in the Greater Winnipeg area. That total adds up to over 82 per cent. In other words, 82 per cent of this unemployment relief is centered in Winnipeg and the municipalities that adjoin it. All the other cities and towns and rural municipalities in Manitoba account for only 9.70 per cent, and that included the city of St. Boniface, across the river, the city of Portage La Prairie, and all the rural municipalities, except the drought areas. The drought areas represent 4.96 per cent and the unorganized districts 3.82 per cent. That is a summary showing that the burden of the unemployment relief problem rests in Winnipeg. It is interesting both from the standpoint of the amount expended and the large amount required, and secondly also from the standpoint of showing where the greater part of the administration would require to be if unemployment relief were taken over and administered, as the province suggests, by the Dominion government. It would mean a very extended area within which the Dominion would operate.

MR. MACNIMARA: If I might amplify that, over 40 per cent of our population and 83 per cent of our costs are in Greater Winnipeg. We spent 83 per cent of our relief money there. Just in order that there may not be any misunderstanding about the total figures, they are given on page 8. What Mr. Pitblado was referring to was direct relief only. Our total was \$53,000,000. The Dominion spent \$19,000,000 of that, the province \$18,000,000, and the municipalities \$15,000,000.

THE CHAIRMAN: Mr. St. Laurent asked the costs of provincial administration and the cost of municipal administration, and the percentage. Should those two be added together in order to get the total cost of administration of

unemployment relief in this province?

MR. MACNAMARA: Yes.

THE CHAIRMAN: What percentage would that be?

BY MR. ST. LAURENT:

Q. With respect to the proportion expended in the Greater Winnipeg area, it would be for the province and the municipality something like 23 per cent? A. No, I would not think so. I would prefer to get that figure and give it to you later.

THE CHAIRMAN: What occurred to me was this: If it is anything like that figure of 23 per cent, is it still your opinion, Mr. Macnamara, that unemployment relief could not be administered at a lesser cost by one government administering it, or do you think that as a matter of practical operation the Dominion should take it over and act through the municipalities?

MR. MACNAMARA: I think, my Lord, that the administration costs in this province are as low as they can be made with safety. Whether the Dominion acted through the municipality or through its own staff would not make a great deal of difference because additional men would be required over and above the regular staff in most instances. The Dominion might require to take over a special staff or they might require to employ special men of their own. In any case I think it would cost the same amount of money.

COMMISSIONER ANGUS: For the districts outside Greater Winnipeg, would not the Dominion administer relief through the local people?

MR. MACNAMARA: I would think it would be very advisable for them to do so.

COMMISSIONER ANGUS: From the point of view of economy, I mean.

MR. MCNAMARA: Yes, sir.

BY MR. ST. LAURENT:

Q. I suppose, Mr. Macnamara, in view of the fact that there is no special charge made for administration elsewhere, and that there is this very substantial charge of 18 per cent in the Greater Winnipeg district, it is only fair to say that it is not merely administration there, but that you have, for instance, this dining hall that you have to maintain, and the form in which the relief is distributed?

A. It covers in addition items which the city itself pays and to which the province does not contribute; for example, medical attention, dentistry, and that sort of thing. That is a charge which the city of Winnipeg pays itself. We do not contribute to it.

MR. PITBLADO: And it is quite a big item.

BY MR. ST. LAURENT: So it is not merely the administration of the fund available from the three sources?

A. No.

Q. But it comprises these other services provided for the unemployed exclusively at the cost of the city of Winnipeg?

A. Yes.

Q. Have you any figure as to the distribution? A. No, I would like to make a break-down of that figure and I can let you have it to-morrow.

Q. It would be of great interest to have a break-down of the figure.

MR. PITBLADO: I think the city is going to give a break-down of the figure. The city solicitor is here now, and I am advised that 100 per cent of the medical and dental attention for the unemployed was paid by the city in 1935 and 1936, and it is quite an important item, medical and dental

attention for the unemployed, for obvious reasons. There are diseases that must be looked after. I think the city will show the break-down of that figure. No, I have just been advised that they have it, but they were not putting it in unless it was asked for. The annual report for 1936 shows that under medical and dental expenditures the city paid out \$160,207; one hundred per cent of the cost was paid by the city, and in 1935 they paid out \$139,187 for medical and dental work, and the administration was \$135,805. Yet you have all these included and lumped together in what the province has put in as the cost of administration.

MR. MCNIMARA: I think the break-down of that figure would probably be about 50-50 administration and the other half--

BY MR. ST. LAURENT:

Q. It is additional service provided at the sole cost of the city of Winnipeg? A. Yes.

Q. Well then, instead of 18 per cent for administration we would get down to 9 per cent? A. Yes.

Q. And instead of 23 per cent as a total, we would get down to something less than 14 per cent? A. That would be so.

Q. And it is your opinion, being a member of the Relief Committee, that these services could not be effectively administered with a lesser expenditure of money?

A. Absolutely so. If I had any comment to make on that, I would say that we do not spend enough on administration. We do not have enough follow-up of our cases.

Q. Is it your opinion that careful attention given to administration does in the long run represent an economy?

A. Oh absolutely. I would say for every dollar you spend

on administration you save one in ten. Not only that, but it prevents a great deal of abuse.

Q. Prevents a great deal of abuse? Have you found in your experience that very careful watch had to be maintained to prevent abuses? A. We have used all the precautions we could think of. Whether they were all necessary or not is best answered by saying that every time we put in a new stop, if you like to call it that, or a new precaution, it saves us money. As to the genuineness of the relief situation here we have had an independent report that 98 per cent of our cases are absolutely genuine.

Q. Are you saying that as applying to the whole period or covering only the period when the special independent investigation took place? A. Well, naturally, it could only be for the time the investigation took place.

Q. And I suppose that as the years went on the effectiveness of the system has been improved? A. Greatly.

THE CHAIRMAN: When did this special investigation take place?

MR. MCNIMARA: It would be three years ago, my Lord.

THE CHAIRMAN: By whom was it conducted?

MR. MCNIMARA: By Mr. Justice Richards, sir. He held a special board of inquiry.

BY MR. ST. LAURENT:

Q. I have looked with much interest, as I am sure the Members of the Commission have, at the Rules and Regulations accompanying this submission. At page 39 of the printed booklet there is a description of the method employed to distinguish between an employable unemployed and one who is not. It says that where the nominal head of a family is unemployable, where there are adult employable persons in

the family, they may register as the head of the family, and the individual parent appear as a dependent? A. Yes. It might be well to point out that we have in those rules tried to follow what would be the normal course in such a family. When the parent drops out, the oldest son comes along and takes his place.

Q. Then you have a description of an employable person;

"'Employable person' means that such person under review could follow his regular occupation or any other gainful occupation if such work were available."

A. Yes.

Q. And it is by that standard you determine first whether a person comes under relief, whether he is to be classified as employable to be dealt with out of the fund provided by the three authorities, or whether he is unemployable and to be dealt with out of the fund that is provided exclusively by the city? A. Exactly.

Q. And once that determination has been made, it prevails right through? A. Yes, sir.

Q. You did express your opinion with respect to the effect upon single homeless persons who were getting up in years. Have you any opinion you would care to express as to the effect of unemployment among the homeless single men who are younger? A. I think the dolo system of giving relief is the worst possible system we could follow. I think it is doing great harm to all the recipients regardless of their age.

Q. Regardless of their age? A. Yes.

Q. Have you seen that in your actual experience in dealing with that class of unemployed? A. Oh yes.

Q. You have in your actual experience noticed the deterioration of the individual under the system in force. A. Yes, I have.

COMMISSIONER ANGUS: Does that also apply to the rising generation, to the children in these homes?

MR. MACNAMARA: Oh absolutely, yes.

BY MR. ST. LAURENT:

Q. Have there been methods attempted to eliminate that deteriorating effect upon the individual? A. Our principal difficulty has been to find work, and our difficulty is largely a difficulty of financing. Where we have been able to find work we have insisted on those on relief taking it. But I must say in fairness to the vast majority of them that they are very ready and willing to take work when it is available.

Q. What about the possibility of finding work for the younger men who find themselves out of employment and who have not before had to perform manual labour? A. We have a very large youth population--I do not remember the exact figure--of young chaps under 25 who have not had any work to do since they left school and who are absolutely untrained.

(Page 820 follows)

We are doing something with the cooperation of the Dominion Government in that regard at the present time. We have what we call the seven point program. That is a training program consisting of forestry conservation work; for girls, a domestic training school; for the rural boys and girls, training centres in agriculture and home economics; and for the urban youth, educational centres and night classes.

We have a learnership plan which is teaching subjects allied to the work they are doing, which might be called an apprenticeship educational system, and there is a short scholarship course in agriculture at the University of Manitoba.

These are all plans intended to lift the youth, who is now unemployed, out of his unemployable state and give him some training and build him up physically as well.

Q. I have heard it suggested that some of these schemes provided such a standard of physical comfort, though they might not be very high, as to be greater than the standard of physical comfort which the individual would enjoy when he went to one of the these jobs for which this training is a preparation. From your experience, is there anything in that suggestion? A. Not as far as this province is concerned. We have kept our feet on the ground in the matter of providing accommodation for these 'chaps, and it has not been overdone.

THE CHAIRMAN: As regards these plans that are now worked out in cooperation with the Dominion Government, do they cover all the young men and women of the type you have mentioned?

MR. MACNAMARA: My lord, they are just getting nicely started. Up to date, they have not covered all the available boys and girls.

THE CHAIRMAN: You had in this province, I believe, one of those camps which were managed under the supervision that prevailed for a few years, from 1932, I believe, to 1935.

MR. MACNAMARA: Yes, we had two.

THE CHAIRMAN: In your opinion, how did that system work?

MR. MACNAMARA: The system as operated under the Department of National Defence was wrong, in my judgment, in two respects. The men were asked to work for 20 cents a day, if I remember correctly, and they were given their board and clothing free. Now, it is just a matter of psychology. If they had been paid a rate per hour, with board and clothing deducted, the scheme would have been a good one. In similar camps we pay 21 cents an hour and deduct board and clothing. The net result to the men is pretty much the same in money, but the effect is entirely different so far as the individual is concerned, and the fellows in our camps are quite contented and efficient. The other point to which I refer is the military management of the camps as they were carried on. In my opinion that was a mistake. Though they got away from it as quickly as they could, nevertheless harm had been done through the building up of a semi-military system in the camps.

BY MR. ST. LAURENT:

Q. You said that you did not think that the transfer of unemployment administration to the Dominion would diminish the expense. I do not believe I asked you whether in your opinion it would increase the cost of administration. What have you to say in that regard?

A. I have not considered that very carefully; I am

rather inclined to think it might.

Q. In your opinion it would increase the cost of administration? A. Yes.

Q. And you think that the net result might be an increase rather than a decrease? A. An increase in expenditure and an increase in efficiency, and a net reduction in cost.

Q. What would be the net result of that increase in efficiency? A. That would probably save money, not necessarily in administration but in the amount of relief.

Q. The total expenditure? A. Yes.

Q. I notice in this summary, "Statement of Comparative Costs", which you have annexed to the brief, that you seem to divide fuel, food, clothing and shelter into separate items? A. Yes.

Q. Is it your experience that that tends to diminish the total cost? A. We issue vouchers; we do not issue cash.

Q. For example, take the item of fuel; is that purchased individually by the man on relief? A. In the main, we issue cordwood and deliver it to the individual's home. In the last few years we have been getting into the coal business, and in that case the recipient has some choice as to the coal he uses, but he has no choice as to where it is bought. It is bought in bulk and we effect a saving in that way.

Q. Is there, in fact, a saving effected in that way?

A. Oh yes.

Q. And with regard to wood fuel, is there a saving effected by the purchase of that in bulk and its distribution in that way to the recipients? A. Yes, in two ways: in providing work for some of the recipients who handle

the wood, and also in the purchase of the wood wholesale instead of from the dealer.

Q. The last column on page 3 of this comparative statement indicates the total cost to the individual for September, 1936, and for August and September 1937?

A. Yes, that is right.

Q. The figures are, respectively, 7.78, 7.79, 8.20?

A. Yes, that is correct.

Q. Between the month of September, 1936, and the month of September, 1937, there is an apparent increase of about 40 or 45 cents. Is there any reason that readily explains that apparent increase? A. The price paid is higher; the cost of food is 10 cents per individual higher. It is well known that food prices this year are higher than they were then. Clothing is issued on the basis of need. It cost us 72 cents per individual for clothing in September, 1937, as compared with 57 cents per individual last year.

Q. There is a similar increase, from 35 to 40 cents, in fuel? A. Yes; that of course depends on the weather, which is not a controllable factor.

Q. Is this total cost the average obtained for the total number of unemployed, and dependents of unemployed, who are receiving relief? A. Yes, that is so.

Q. That would mean that for a family of six, for September, 1937, it would be just about \$ 50 a month?

A. Yes. You might note that the costs in rural Manitoba are very much lower.

Q. Yes; I am speaking of the urban costs, though.

THE CHAIRMAN: What is the cost in rural Manitoba?

MR. ST. LAURENT: The cost in rural Manitoba would be \$3 in September, 1937, per individual or \$18 for a family of six, as compared with \$50 for a family of six

in town.

THE CHAIRMAN: Would that apply to the unemployed as distinct from those in the dried out area, or does it include those in the dried out area?

MR. MACNAMARA: It includes the dried out area where the food is for human consumption; it does not apply to other relief such as feed for animals. Of course, in September, 1937, in this province we had not very much in the dried out area.

BY MR. ST. LAURENT:

Q. The principal difference is in the cost of shelter, is it not? A. Shelter, clothing, food and fuel; they are all approximately 50 per cent less than in the urban districts.

Q. For shelter it is \$2.61 in the cities and 62 cents per individual in the rural parts? A. Yes; and in clothing it is proportionately low -- 7 as compared with 72.

Q. And you say that the criterion is the standard of need that has to be met with respect to the individual?

A. Yes. Many of the rural dwellers have their own homes, or if they pay rent, the rent is very low. In many cases the reliefer in the rural district may be able to cut his own wood, which of course we require if it is at all possible.

Q. The general conclusion that one can draw from a comparison of these figures as between the cost of relief in cities and the cost in the rural areas is that when depression comes about it is a costly problem to have a large part of the population in towns? A. Yes; you cannot grow potatoes on pavement.

Q. Has there been any attempt to provide municipal gardening plots for the unemployed in Winnipeg?

A. We require every relief family in greater Winnipeg

to have a garden and we provide seeds, plants and so on. If the recipient has not the land he needs he is given a municipally owned plot.

Q. And has that resulted in any substantial reduction?

A. It has resulted in a saving in our food costs.

Q. Have you any figures which you could submit to the Commissioners in that regard? A. I cannot give any figures in that connection; it is to a large extent an unknown quantity. We do know, however, that the gardens are productive and in the summer we are able to save on the food allowance. But so far as any definite figures are concerned, I am afraid I cannot give any; there are none available.

Q. Are these gardens at all extensive? A. Oh yes, they are kitchen gardens, 50 by 40 or something like that.

Q. Are they such gardens as are designed to furnish any accumulation of vegetables, or are they intended merely to supply daily needs as the vegetables come to maturity?

A. In the main they supply the daily needs, although some of these people are able to grow their own potatoes for the winter.

Q. There is nothing requiring them to grow more than a supply for their daily needs? A. No. I may say that vegetables are very cheap in this province during the season.

COMMISSIONER ANGUS: Would not provision for these kitchen gardens be much more difficult in the case of Dominion administration than where the administration is local?

MR. MACNAMARA: I fancy that if the Dominion took it over they would have to establish branch offices. I think they would have to have a complete machine, but

I do not believe there would be any insurmountable difficulty.

COMMISSIONER ANGUS: I am not suggesting that there would be any insurmountable difficulty, but the land which is provided is owned by the city, is it not?

MR. MACNAMARA: I should think it would be possible to work out an arrangement with the city.

BY MR. ST. LAURENT:

Q. Does it not very often happen that when arrangements have to be made with the federal government they are apt to involve that government in expenditures? A. It might be that the city would ask the federal government to rent these properties.

MR. ST. LAURENT: I do not think, my lord, that there is anything else I want to ask Mr. Macnamara in this connection.

THE CHAIRMAN: There are one or two questions which I should like to ask you, Mr. Macnamara, in view of your association with the administration of employment relief.

MR. MACNAMARA: I was not able to hear what you said, Mr. Chairman.

THE CHAIRMAN: I say, there is one question which I wish to ask you, and I am asking it because of your close association with the administration of relief, both in the city and in the province. I understand that you are a member of the Relief Committee that administers the city relief.

MR. MACNAMARA: Yes my lord.

THE CHAIRMAN: The question I wish to ask you is this. Do you really think that there would be less pressure upon the Federal Members of Parliament to get men on the unemployment lists than there is upon the Municipal Councillors? In the light of your experience,

what is your opinion in that regard?

MR. MACNAMARA: I believe it would work out this way, sir. The Federal Member is harder to get at so far as the reliefer is concerned, the person seeking relief, whereas the ward Councillor for the city of Winnipeg is quite accessible; he is close at hand, and pressure could be exerted upon him.

THE CHAIRMAN: But the one might be as much concerned about the individuals vote as the other. The Federal Member might be just as much concerned about that as the Municipal Councillor.

MR. MACNAMARA: Except that he is concerned less frequently.

COMMISSIONER DAFOE: He has influence at Ottawa, whereas the Alderman has not.

MR. PITBLADO: There are one or two questions which I should like to ask Mr. Macnamara before he leaves this section.

THE CHAIRMAN: Very well, Mr. Pitblado.

BY MR. PITBLADO:

Q. Page 6 of the statement of Expenditures, in the summary, the percentage of cost for "Other Cities, Towns and Rural Municipalities", is 9.70. Have you a breakdown from which you can tell me what percentage the rural municipalities spend of the total amount of relief?

A. Yes. Each individual municipality is listed from page 1 to page 6. A breakdown could be obtained from those figures; we could figure it out.

Q. Roughly, can you tell me what it would be? Would it be 4.96 in the drought area? Someone suggested to me that it was between 4 and 5 per cent. A. It would be about 5 per cent for other cities and towns, and

about 4 per cent for rural.

COMMISSIONER MacKAY: How much of the cost in the rural municipalities is represented by administration?

MR. MACNAMARA: That is not represented here, sir. Administration in rural municipalities is very small; in most cases the Secretary Treasurer, without additional help, administers relief himself, and any investigational work is done by the Councillor.

COMMISSIONER MacKAY: In your opinion is there much unnecessary expenditure in the rural municipalities in connection with administration? Have they adequate administrative control?

MR. MACNAMARA: Undoubtedly, in 99 per cent of the cases of rural relief, there is absolute soundness in the giving of relief. It is well administered. The honesty and sincerity of the Councillors cannot be questioned.

BY MR. ST. LAURENT:

Q. There is one other question I wish to ask with reference to this statement. I see opposite the names of certain municipalities, in brackets, the letter T, opposite others C and opposite others V. A. That means towns, cities and villages.

Q. And those that are not thus specifically indicated are rural municipalities? A. Yes, sir.

Q. MR. ST. LAURENT: May I pass, Mr. Chairman, to the other portfolio with reference to which Mr. Macnamara wishes to make some observations?

THE CHAIRMAN: Yes, we will take that now.

MR. MACNAMARA: I come now to the Department of Labour, and I have divided this into two sections, one dealing with the Bureau of Labour and the other with the Employment Service of Canada.

In connection with the Bureau of Labour, there has been centered in this body the responsibility for the administration of the laws ordinarily described as labour legislation, the purpose being to see that industrial activity is carried out safely and that the working conditions are sanitary, and the general object is to promote industrial welfare.

By centralizing the work of this type in one bureau, the province has been able to build up an efficient industrial inspection branch, and despite the economies that have been necessary in this branch, as in other branches of the service, a reasonably effective enforcement of the various statutes has been maintained. There are only two activities in respect of which there is corresponding or similar work carried on by the Dominion Government, namely, in connection with industrial disputes and in connection with fair wage rates.

Perhaps I might be allowed here to quote from the statement that has been prepared:

" In respect to (a) -- industrial disputes, the Dominion Department of Labour acts in a conciliatory capacity in connection with disputes between the management of public utilities and its employees, whereas the Provincial Bureau of Labour under the "Strikes and Lockouts Prevention Act" deals with disputes in purely local industries.

In respect to (b) -- fair wage rates, the province under its Fair Wage Act provides for a fair wage for men engaged in the construction industry. The Dominion Department of Labour sets fair wage rates for men working on federal projects or where a contractor is doing federal

"work.

As to overlapping or appearance of overlapping:

In respect to industrial disputes there is no actual overlapping as the line of demarcation is plain. At the same time, the work done by both the dominion and the province in this connection is quite similar, and a case could be made out for the amalgamation of the work now being done by the province with that which is being done by the dominion under dominion control.

In respect to the question of fair wage rates set under authority of the Manitoba Fair Wage Act, which applies to all public building construction, there can be said to be an overlapping. However, no confusion has arisen because the two departments have cooperated very closely, and what usually happens is that the Fair Wage Board of Manitoba sets a rate and the dominion then adopts it.

As to whether any of the work could be more economically and efficiently done under one department, and if so, which government:

It is submitted that the question of amalgamation of government conciliatory efforts under one government and that to be the dominion government, might very well be considered.

Undoubtedly it would necessitate the dominion government placing a staff in each province, so that prompt action could be taken in regard to any dispute or threatened dispute. It is quite possible that the work could be done more effectively under federal than under provincial auspices. On the other hand, it is a fact that in the province

"of Manitoba we have been able to use inspectors of the Bureau of Labour as conciliation officers, who, by reason of their contact with the management and workers, through their visits to the plants in the course of their inspection duties, already have considerable understanding of the conditions and can work effectively in settling the dispute.

The Strikes and Lockouts Prevention Act was passed at the last session of the Manitoba Legislature, and while our experience with it has been limited to one year, the results so far have been most satisfactory.

Work which can be coordinated to insure the largest measure of economy and efficiency:

(a) All steam boilers and pressure vessels used in connection with railroad operation in the province of Manitoba, including those which may be used in railroad shops, stations, etc., are not inspected by the Bureau of Labour. They are inspected by inspectors in the employ of the railway companies who are required to report as to their condition to the Board of Railway Commissioners. The Department of Marine and Fisheries likewise carries the responsibility for the safe operation of steam boilers used in marine work, and these boilers are not inspected by the provincial inspectors.

In the matter of safety appliances on purely stationary boilers and pressure vessels, the "Inter-Provincial Code" established by authority of provincial enactments, is followed although

"there is no authority vested in the provincial authorities. By agreement with the railways the men who are in charge of such equipment (except in the case of rolling stock) carry provincial licenses.

There is some evidence of divided authority, but the arrangement has worked out satisfactorily without any confusion, and seems to be both sound and economical.

(b) In respect to inspection of machinery and general working conditions in railway shops, again by consent of the railway companies, the Bureau of Labour has been inspecting for safety. On several occasions where differences have arisen as to what safety measures are necessary the authority of the Bureau of Labour has been questioned. So far such differences have been adjusted to the mutual satisfaction of the Department and the Railways.

Undoubtedly the Bureau of Labour is carrying on inspection work with the object of giving service without authority where it was needed to prevent accidents.

The situation might be clarified by having authority delegated to the Bureau of Labour by the Board of Railway Commissioners.

General:

In the foregoing the question of whether or not "Minimum Wage and maximum hours of labour laws" should be enforced by the Dominion government or whether they should remain under the jurisdiction of the provincial authority has not been discussed.

" Apart from constitutional differences there are many practical difficulties in the organization of a dominion wide department for the enforcement of a national enactment to cover this very broad field.

It is this witness' opinion that the situation might best be met by having a branch of the Dominion Department of Labour interest itself in the matter of bringing about uniformity in the provinces by negotiating with the provincial departments, viz. negotiations are under way at the present time among the three prairie provinces of Manitoba, Saskatchewan and Alberta for a series of joint conferences of the Minimum Wage Boards of the respective provinces with the object of bringing about a uniform act and a uniform regulation therein, in so far as the local conditions permit.

It is submitted that if there were a dominion advisory department which was devoting itself to bringing about such conferences, beneficial results would accrue."

THE CHAIRMAN: It would not require a great deal of additional machinery to carry out the plan that you suggest.

MR. MACNAMARA: There might be some officer specially appointed for the purpose.

THE CHAIRMAN: It would not require any further special machinery to do what you suggest.

MR. MACNAMARA: I should not think it would require anything elaborate; it might call for the services of one man. The rest of the statement is as follows:

" We already have an illustration of the practicability of bringing about uniformity by provincial conferences in what is known as the "Canadian Inter-Provincial Regulations governing boilers and pressure vessels." A few years ago each province had a different regulation in respect to boilers and pressure vessels, and a boiler considered safe in Manitoba at that time could not be used in many of the other provinces. By a series of conferences a standard code was worked out and has now been adopted by all the provinces in Canada, and a boiler which complies with the regulation and is registered and passed in one province may be used in any province in Canada.

The proposal of a dominion advisory department is submitted as being an effective and practical method for bridging the differences which now exist in the various provinces in respect to laws governing wages and hours of work."

BY MR. ST. LAURENT:

Q. You said that the other part of the memorandum had to do with the employment service of Canada? A. Yes. This service comes under the Department of Labour, and in this part of the memorandum I have discussed the services which the Employment Service of Canada gives. It is a joint service paid for in part by the dominion and in part by the province, on the basis of approximately 30 per cent dominion and 70 per cent provincial. There cannot be any overlapping in that respect.

The memorandum reads:

" The Employment Service of Canada, set up in March, 1919 under "The Employment Offices Coordination Act", may perhaps be described as a dominion and provincial governmental activity carried on in harmony, without infringement of provincial rights and without any undue emphasis of over-riding federal authority.

This Service, dominion-wide in its activities with the exception of the province of Prince Edward Island, is a provincial institution under the terms of the British North America Act, but is unified and strengthened by the participation of the dominion government by way of an annual subvention which at present contributes roughly one-third of the annual cost to each province and in addition, through the Department of Labour, furnishes each provincial branch with office supplies without cost.

The arrangement was inaugurated on the basis of the dominion paying fifty per cent of the cost. In more recent years, the percentage paid by the dominion has been approximately thirty per cent, which is the existing arrangement.

The assembly and compilation of daily activities are undertaken by the dominion government, Department of Labour, which also operates an Eastern Clearing House at Ottawa and a Western Clearing House at Winnipeg.

The activities of the Manitoba Branch are briefly:

- '(a) To provide facilities for both men and women, boys and girls, who are seeking employment in any occupation and for employers

'seeking any kind of help.

(b) To establish a provincial Clearing House, coordinating the efforts of local offices and to facilitate the transfer of labour from over supplied districts to districts where a shortage might exist, and to collect and compile statistical information covering the field of employment.'

" Within these limits are certain specialized efforts, such as:

- (1) The Handicap Section for Ex-Service Men and others suffering from disability of one kind or another;
- (2) The regulation of imported labour in co-operation with the Federal Immigration Department;
- (3) The securing of reduced railway rates to bona fide workers through the good offices of the railways represented by the Railway Passengers Association;
- (4) The supplying of labour to vacancies in other provinces and other similar activities.

Because of the fact that Unemployment Relief recipients require to register at the Employment Service of Canada, and because wherever possible the men assigned to relief works projects are nominated through the Employment Service of Canada, this Service has become identified with Unemployment Relief. It does not administer Unemployment relief, but can be said to fulfil a useful function in such administration."

" As the Service is jointly dominion and provincial, there is no overlapping.

As to whether the Service can best be administered by the dominion government alone, by the provincial government, or along present lines, I am of the opinion that, for the following reasons, the Employment Service of Canada should be taken over and administered by the dominion government:

- '(a) The dominion government has announced as its policy the establishment of an Unemployment Insurance plan. Undoubtedly the people of Canada favour Unemployment Insurance and its establishment will come about. Unemployment Insurance is inseparably linked up with employment recording and placements. Unemployment Insurance is not feasible on any other basis than a national one. It seems to me that the inauguration of Unemployment Insurance will necessitate a direct federal operation of the Employment Service of Canada.
- (b) It may be true that it will take some little time to work out the details in connection with Unemployment Insurance but this should not be a reason for delay in taking over the Employment Service of Canada, which, if taken over immediately, could be reorganized along federal lines, in order that it would be ready for the Unemployment Insurance Plan.
- (c) If operated as a federal service, it is submitted that the transference of labour from over-supplied districts to districts where

'a shortage may exist would be facilitated. Mr. A.B.Purvis, Chairman of the National Employment Commission, has told us in the west that skilled men are needed in Eastern Canada, but our Manitoba Service has not been asked to send the skilled men we have to eastern Canada.

The theory of the Employment Service of Canada is that the Superintendents of provincial establishments will notify adjoining provinces that certain classes of men are needed. One can understand that provincial officials would want to make very sure that men were not available in the home province before asking for men to be brought in. If there was no provincial boundary in the service the movement of men to jobs could be handled very much more readily. We have been able to make arrangements so that the labour opportunities in the northern Ontario bush will be available to Winnipeg men, and this winter we have sent at least 5,000 pulpwood and bush workers out of Manitoba to Ontario.

- (d) It is submitted that a good, strong, nationally operated Employment Service would be in a much better position to control such problems as transients moving across the country, which has created tremendous difficulties in western Canada in the last few years."

THE CHAIRMAN: If the federal government should establish an Unemployment Insurance scheme, the question

of wages and hours of labour will have a very important bearing upon unemployment, and it has been suggested that if one came under federal jurisdiction the other logically should also be brought under dominion administration. What is your view?

MR. MACNAMARA: In my opinion, sir, the control of hours of labour would work under national legislation much better than under provincial. I do not believe, however, that there should be any reason for not taking over the employment service simply because the question of rates of wages and hours of labour still remains unsettled.

THE CHAIRMAN: There might be a real difference as between the taking over of hours of labour and the taking over of the matter of rates of wages; I do not know. Do you think there would be?

MR. MACNAMARA: I believe they are both on the same plane.

BY MR. ST. LAURENT:

Q. If there were a national Employment Service moving labour from one section of the country to the other, would it not almost necessarily, because of the possibility or probability of there being unemployment from time to time, involve as a corollary federal responsibility for unemployment relief? A. Well, yes; I agree with that.

Q. If a dominion service moved a substantial body of labour into a particular section, and then economic conditions brought about unemployment, there would be ground for saying that there was some responsibility on the part of the federal government for congesting that district. A. Obviously; and I think the two problems are inseparably linked.

Q. And both aspects would have to be considered before one could come to a proper conclusion with respect to either of them? A. I think that is so, yes.

MR. ST. LAURENT: I think that is all I have to ask in this connection.

COMMISSIONER MacKAY: Mr. Macnamara, do you think that a national unemployment insurance scheme, from the point of view of administration, would involve control of hours of labour and minimum wages? Are they inseparably or necessarily linked?

MR. MACNAMARA: I would say that unemployment insurance could operate without the control of hours of labour and wages.

MR. PITBLADO: Are these memoranda filed as an Exhibit?

MR. ST. LAURENT: One copy was filed on Saturday and marked as Exhibit 16. Mr. Chairman, Mr. Evans, the Deputy Minister of Agriculture and Immigration, is here and is prepared to make a statement.

THE CHAIRMAN: We should like you to give us an outline, Mr. Evans, of the work done by the dominion with respect to agriculture in this province.

MR. J. H. EVANS, (Deputy Minister of Agriculture and Immigration, Manitoba): The active functioning of the Manitoba Department of Agriculture so far as the endeavour to assist agriculture is concerned, dates back to 1912, and it really owes its origin in that regard to the Agricultural Aids Act which was passed by the dominion government in 1910.

Certain sums of money were set aside for the province, to be utilized in agricultural education and to promote better agriculture. Under that Act there was entered

into an agreement which set forth the lines of endeavour in which the province should engage, and it was provided that in no case should it undertake any work already done by the dominion.

In 1912 the Agricultural Instructions Act was passed and . . . it was on the statute books for ten years. The same principles obtained, but with wider application; and here again an agreement was entered into setting forth the lines of endeavour, with a view to obviating any duplication of effort.

There was an understanding that production and education should be a provincial responsibility, while marketing should come under the federal jurisdiction. In this period the war broke out and at least twice -- sometimes more frequently -- we were called into consultation by the Dominion Department of Agriculture to indicate the lines of work that should be carried on. As a result of this close alignment, and in view of the fact that there was a scarcity of money in the province following the war, which made it dead certain that we would not embark on new activities, there has been no duplication of effort in the twenty-one years of our experience. There has been the closest cooperation.

THE CHAIRMAN: What is the Dominion Department of Agriculture actually doing in this province at the present time?

MR. EVANS; They are in charge of the Dominion Health of Animals Branch in the province. They are also in charge of the public stockyard and of the administration of the Seed Act, which is a dominion statute. Again, they are in charge of the Pests Act, dealing with the inspection of nursery stock coming into the province, and with the prevention of disease, and in charge,

in cooperation with our own department, of a number of projects, which I have enumerated in the brief, dealing with production and agricultural education and the furnishing of valuable information to the producer with respect to marketing. They are also in charge of the inspection of stockyards from the standpoint of sanitary conditions and a good many details of that nature.

In a broad way, that covers their activities. I must not forget to mention the experimental farms system.

There is one farm at Brandon and one at Morden. The Brandon farm was started in 1886 and the one at Morden in 1915.

THE CHAIRMAN: Why should not the experimental farms be conducted by the province? Why should they be under the dominion?

MR. EVANS: There are main reasons for that, sir. The more practical one is the tremendous expense involved and our absolute inability to cope with the task, and the other is the fact that these chain farms are scattered across Canada, there being one in every province, carrying on a great deal of experimental work. They are able to relate the findings of their experiments in one part of Canada to those in other parts. It would be a great pity if this chain of farms were broken. I do not think it would be a good thing for them to try to work as independent units administered by individual provinces. There would be a great deal of duplication.

THE CHAIRMAN: Do you think it is more economical from the standpoint of the taxpayers for the dominion to own and administer experimental farms throughout Canada?

MR. EVANS: Yes, I believe it is; and it is more

efficient. Economy without efficiency is not always wise.

THE CHAIRMAN: You refer to the Health of animals. There is a provincial Department of health; why should not the province have charge of the health of animals?

MR. EVANS: Because there is a movement of live stock across Canada, altogether apart from the domestic market. There are animals going from Alberta and Saskatchewan to the public markets in Winnipeg, and we have animals going to exhibitions and shows throughout the country. Many of the animals sold here go to the Montreal market or to Toronto. There is therefore an element of interprovincial trade in connection with the movement of animals.

THE CHAIRMAN: Ministers of Agriculture also migrate and go to these shows?

MR. EVANS: I did not catch that remark, sir.

THE CHAIRMAN: Ministers of Agriculture go to these shows too.

MR. EVANS: I would not like to make any comment on that.

Then there is the additional question of export trade. While the province may be just as efficient as the dominion, foreign countries would not accept certificates from the province of Manitoba, whereas they would accept such certificates when given by the Dominion of Canada.

THE CHAIRMAN: Is there any work being done by the province that could not be as efficiently and economically done by the Dominion, or the Department of Agriculture here?

MR. EVANS: I can assure you, sir, if we had found any we would have been trying long ago to have the Dominion take them over. We ask them each year for all the cooperation we can get; and I am thankful to say we are enjoying it.

THE CHAIRMAN: You do not think there would be any economy in the Dominion taking over the work that the provincial Department of Agriculture is now doing?

MR. EVANS: We have not been able to locate it. I should like to illustrate my remark by citing the Health of Animals and Livestock Products Act. The provinces passed enabling legislation in order to make that act function. The courts decided that the enabling legislation was ultra vires - I think that is the term used. We succeeded in passing identically similar legislation in the province of Manitoba, and then named without cost to the province, the Dominion officials to administer our own provincial act. I believe that would be an example of economy that it is difficult to improve on.

BY MR. ST. LAURENT:

Q. I understood you to say that originally, and in a general way, production was the provincial field and marketing was the dominion field. A. Yes.

Q. Has there been any hampering in efficiency resulting from the fact that the courts have not looked upon the dominion as having powers to deal with such marketing as was not inter-provincial or international. A. Yes, there was some hampering as the result of delay.

Q. Has it been possible to bring about something as efficient as it might have been, had the dominion been able

to regulate not only interprovincial and international marketing, but local marketing. A. I believe, at the present time, since we have had identical legislation enacted by the provinces, that it is quite as efficient; but it does leave the impression with the man on the street and the man on the land, that to have the same legislation on both the dominion and the provincial statutes, is to have duplication. It leaves the wrong impression.

Q. Is that impression unfounded in fact? Has it been possible to obtain as great efficiency with the same amount of expenditure? A. Yes, because it has brought the staffs still closer together, and it has enabled us to get along without any staff in this field, which I think is the height of efficiency.

Q. That is because of the arrangement whereby you merely provided the legislation and made the appointments without cost to the province. A. Yes.

COMMISSIONER MacKAY: Does the province, in any case, administer the federal legislation?

MR. EVANS: No, we do not administer any federal legislation, but we do assist in the carrying out of the object of federal legislation; that is, work that was provided to be done by the federal body is being done in one or two instances by the province and without cost.

COMMISSIONER MacKAY: Would it be possible for the province to administer federal legislation such as the Health of Animals Act.

MR. EVANS: No. The record of the administration of the Health of Animals Branch of the Dominion of Canada stands as an example the world over. There has been more progress made in the cleaning up of livestock in Canada than in any other country I know of, and one of the reasons

why that has taken place is the distance from here to Ottawa, and from other parts of Canada. When they have passed a regulation, that regulation is there, and is not tampered with. If we had in the province of Manitoba the same regulation to enforce, due to the distance from the Parliament Buildings here, we would have visitations.

THE CHAIRMAN: I should like to ask one further question, which is quite apart from the subject we are discussing; but it has relation to another aspect; that is, the problem of whether provincial taxation would not be lessened by increasing the number of people who might contribute to it. How extensive are the areas in this province available for actual cultivation that are not now under cultivation, because of being privately owned or otherwise?

MR. EVANS : Unoccupied or uncultivated areas in the province are not nearly as large as a good many people suppose. Very substantial portions of this land are on the border line. I am referring to the unoccupied vacant land, and the fact that it has been so difficult over a long period of years for the farmers of Manitoba to make agriculture an attractive occupation on the better lands does not hold out very much hope of placing new settlers on land which is not as desirable as to quality or location as the land that is already occupied. Agriculture has to be made a great deal more attractive an occupation before much of that land will be taken up.

THE CHAIRMAN: Am I right in concluding from your answer that there are no privately owned lands that are good and are not under cultivation, or only a very limited amount.

MR. EVANS: We have, Mr. Chairman, a report - I should not like to express an opinion on a question

which is so involved and complex, but we have a report which is a few years old, and which is substantially correct, on an unused land survey that was made in this province; while it may not apply absolutely to present day conditions, in a general way it does. If it would be of interest, to you, and your Commission, I should be glad to see that the report is placed at your disposal.

THE CHAIRMAN: We shall be glad to see it.

MR. ST. LAURENT: The copy of that survey may be filed as an Exhibit.

THE CHAIRMAN: It is questionable whether we should file it or not. Am I correct in assuming from your observations, Mr. Evans, that so far as agricultural settlement is concerned in this province, there is very little land available.

MR. EVANS: I should not like to say that, sir. If agricultural conditions improve - we are in the upward period now; we are going from the pioneer period to the period of permanency; we are in the transition period - I mean "market conditions", as we develop a more diversified type of agriculture, types of land that would not be profitable for straight grain growing, could be utilized and would support a family, provided they adopted a programme of diversification. They would make subsistence farms, at least.

THE CHAIRMAN: That was the impression I had and I was wondering whether it was correct or not. If conditions were such that subsistence farming became more practicable than it is today, there are important areas which could be utilized for that purpose?

MR. EVANS: Quite substantial areas.

THE CHAIRMAN: Thank you.

MR. ST. LAURENT: That is all we have prepared for submission to the Commission on these overlapping services.

MR. PITBLADO: I should like to add a word to what Mr. Evans has said. Everyone who lives in this province knows there are a great many parcels of good agricultural lands which are not being used at the present time to good advantage, because they are privately owned. These parcels of land have been obtained for obvious reasons by people who are not putting them to the best use. Some of them have been obtained by the mortgagors through foreclosure. The condition of agriculture during the past six or seven years has been such that there has been no one willing to take these lands off their hands. There are large quantities of such land in this province. I think I may also state this; since conditions are beginning to improve some of these lands are being asked for. I personally have seen lands sold that have been held by these companies for some time during the conditions that have existed in these years. I should not like, and I do not believe the province would like, the assertion to be made that there are no opportunities in this province for persons to go into agriculture, provided the prices of agricultural products as such, and farming, are put on a proper economic and financial basis. There are large areas available for sale and on easy terms by people who own them privately throughout the province. We hope that much of this land will be taken up when agriculture gets on a good financial footing in this province. Public lands is what Mr. Evans was speaking about. There is a lot of this land available, which is not as good as land that has already gone into settlement. Much of this land will come into cultivation only when the conditions

he describes are brought about.

MR. EVANS: I should not like to leave the impression that we are at the end of our development, but I should like to leave the impression that to take up land under the present agricultural conditions, and as they have been the last few years, and expect to get along very well on them when men who have had the very pick are not getting on very well, is a very substantial handicap.

THE CHAIRMAN: I understand you do not dissent from the statement made by Mr. Pitblado.

MR. EVANS: No.

THE CHAIRMAN: I am speaking about the areas in private hands.

MR. EVANS: Yes.

THE CHAIRMAN: These areas that have come back from mortgagors, or otherwise acquired, are not now under cultivation.

MR. EVANS: Not a large number.

MR. PITBLADO: Some of the land is rented.

THE CHAIRMAN: Yes.

Q:
BY MR. ST. LAURENT: It was suggested to me as a result of the crop conditions of last year and this year quite a lot of this land has been taken up either by purchasers or by tenants, and that is coming back into cultivation?
A. Quite a lot. We have quite a lot of people in from the drought areas of Saskatchewan who are taking up land in Manitoba.

Q. From the drought area. A. Of Saskatchewan.

Q. Can you give us an approximate estimate that would be more precise than "just a lot". Can you give us any figure at all? A. I am sorry; my information would not be much good as evidence; I have not the figures.

Q. You have not the figures?

A. I have not the figures.

Q. You have not been in touch with that movement?

A. That would be impossible. I can't tell you the exact figures.

MR. ST. LAURENT: That concludes the evidence we had prepared for submission to the Commission on the possibility of overlapping and the elimination of duplicate services.

THE CHAIRMAN: I think we agreed to take the Winnipeg Board of Trade this morning.

MR. ST. LAURENT: Yes.

C. E. STOCKDILL, President of the Board of Trade, Winnipeg, was called and examined.

THE CHAIRMAN: You are the President of the Board of Trade?

MR. STOCKDILL: Yes, and I have associated with me Mr. E.C. Gilliat, and Mr. C.A. Adamson.

THE CHAIRMAN: You may proceed, Mr. Stockdill.

MR. STOCKDILL: Mr. Chairman and members of the Commission, the presentation which the Winnipeg Board of Trade desires to make has been reduced at the moment to as brief a condition as possible and it is our desire that we be permitted to read it to you:

"To the Chairman and Members,
The Royal Commission on Dominion-Provincial
Relations,
Winnipeg, Man.

Gentlemen:

We are happy to welcome the members of the Commission to Winnipeg at the commencement of their work and to give an assurance of our earnest desire to assist the commission in its great undertaking.

The Winnipeg Board of Trade recognizes the magnitude and vital importance of the

task allotted to this Commission and the onerous responsibility of decision, whether existing conditions are confirmed or changes made.

In view, however, of the limited time available since the programme of procedure was announced - I may say this is dated the 12th November - it will only be possible on this occasion, for us to offer some broad observations on a few cardinal issues as we see them from the standpoint of men engaged in business and commercial undertakings, and as citizens and taxpayers. Our ability to be more specific at this time is also affected by the fact that we do not know what proposals will be brought forward by Governments and other interests.

At a later date, if there is opportunity, we would be prepared to submit more detailed recommendations; either direct, or through such general submission as may be prepared on behalf of business by the Canadian Chamber of Commerce in co-operation with its constituent member organizations across Canada. In the meantime we feel we can with advantage and propriety, at this early stage of the enquiry, place emphasis on the following points:-

1. As business men we are acutely conscious of the fact that the tax burden in Canada is extremely heavy.

2. Canada is undoubtedly suffering the serious consequences which inevitably attend long unbalanced budgets. Our public debt structure has assumed proportions where the public can no longer remain indifferent. Its impact affects us

adversely in our business and personal relationships. The growing percentage of public revenues required to service the public debt is out of proportion to the national income.

Furthermore, growth of the debt continues. Canadian public finance is notable for its lack of measures of control over borrowing powers. It is also deficient particularly insofar as the Federal and Provincial Governments are concerned, in provision for debt retirement. These conditions must be corrected if we are to keep our credit and maintain unimpaired our productive equipment. There should be a real determination that public debt will not be increased after a reasonable interval has been allowed for necessary adjustments.

3. There is urgent need for a fresh appraisal of what services and functions our Governments should be expected to perform, and which as taxpayers we can afford to support. Also careful re-examination is required of all sources of public revenue from the various points of view of adequacy, equity of incidence, and cost of collection. And finally, there is a most pronounced need for a review of the allocation and distribution of public revenues in their entirety from a broad national aspect.

4. Absolutely necessary taxation should have a broad base to include all income groups, in order that all citizens may be aware that in making demands for additional governmental expenditures they are directly affecting their own pockets.

5. In addition to other adjustments, we submit there is urgent necessity for relieving the tax burden on real estate, and Municipal Governments should be placed in a position where they can reduce this tax and at the same time maintain essential services. The present inequitable responsibilities forced on Municipalities, particularly in regard to unemployment relief, have undermined the structure of municipal finance right across Canada.

The whole country has suffered through the depreciation of land and property values by excessive taxation. This has discouraged construction, thereby causing much unemployment in the building and allied industries, also loss of municipal revenue through foreclosure of equities by tax sale.

We would also draw attention under this heading, to the unfortunate manner in which the field of education is organized. The provincial authority sets out the educational programme to which school boards must conform. The actual administration and spending powers are vested in the School Board, but apart from the very limited grant made by the Province, neither the Province nor School Board assumes responsibility for levying and collecting the money necessary to carry out such programmes and policies. This responsibility falls entirely on the Municipality which has no voice in the spending of the money.

6. There are undesirable and unnecessary obstacles to interprovincial trade in Canada. To secure freedom of trade the B.N.A. Act has an

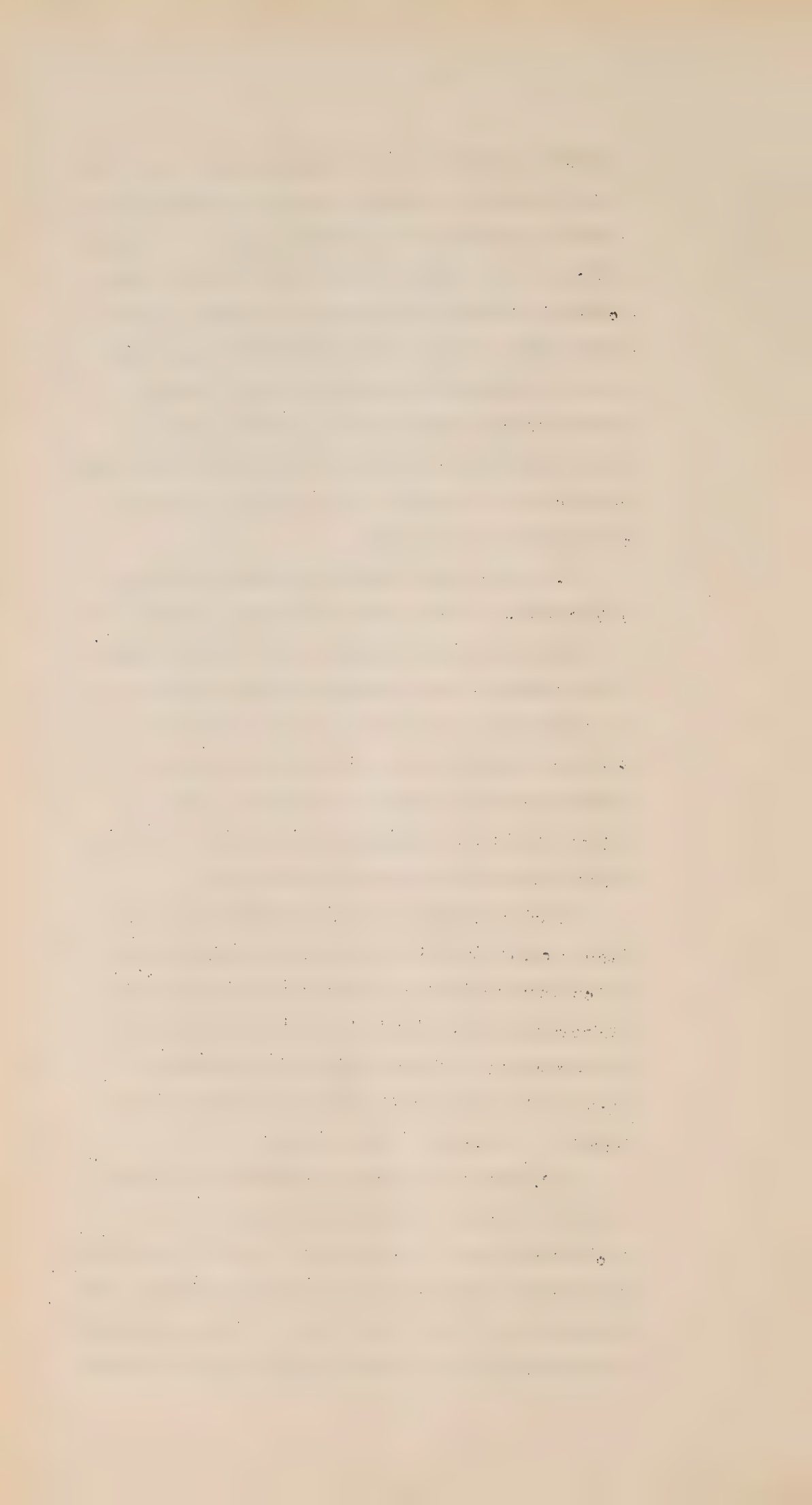
express provision for interprovincial free trade in all goods of Canadian origin, as against the system of tariffs which existed prior to Confederation. Yet today, we must deplore the course adopted in various provinces, in some cases for many years, and now more noticeable than ever, to restrict freedom of interprovincial trade by devices which have the same ultimate effect as imposition of tariffs upon business between provinces. Fair trade is a matter that should be ensured throughout the Dominion.

7. There are inequities, which should be eliminated, in the taxation imposed by Provinces on companies doing business on a National scale.

For instance, such companies should not be taxed in individual provinces on their total capital or total business, but only on an equitable basis such as the amount of business done in a given province. Business on a national scale, should be under Dominion jurisdiction.

Such organizations are further impeded in their operations by the multiple demands made upon them by Federal, Provincial and Municipal Governments, and they should be relieved from the necessity of complying with unnecessary regulations and filing the present unreasonable number of returns to governments.

8. There is a growing tendency for governments to become too widely extended in realms of business which can be better handled by private enterprise. We submit that where governments have entered, or do enter such fields, the governmental enterprise should be under a definite obligation



to pay its just proportion of taxation on the same basis as its competitors, and to avoid detriment to the municipality or province in which it operates.

9. Business is frequently disrupted, and subjected to serious losses, through becoming involved in expensive test cases as to the validity of legislative enactments. These tie-ups often have disastrous repercussions on regular employment. A contributing factor to this condition is the disposition on the part of Ministers, members of legislatures and administrative officials to seek ways and means of extending their jurisdiction where constitutional authority is at least doubtful, and without due regard to the welfare of the country or the interests affected. The ultimate result of such action is conflict in the courts between the contending legislative bodies at the expense of the taxpayer, and losses to business as stated.

10. There is a crying need for simplification of government in Canada to eliminate overlapping and lack of co-ordination which reduce efficiency and add measurably to the cost of government. Not only has this situation resulted in waste of money, but also waste of effort and dissipation of energy. There is expensive duplication in such matters as taxation, insurance, regulation of companies, labour regulations, and agriculture. These examples are very real to those affected, but as an outstanding illustration we would refer to the difficulties encountered in dealing with the nation-wide problem of unemployment and the

administration of relief which were, and still are, so aggravated by the uncertainty of responsibility between our different units of Government.

11. We believe it is essential, in the national interest, to vest power in the Dominion Government to give uniform effect to necessary fundamental social and economic changes throughout Canada. The need for such powers is obvious. With the advance of science and invention, which in recent years has practically annihilated time and distance, various matters dependent on local initiative and administration a few years ago, can now be developed and administered to much greater advantage on a National scale.

12. We urge the need of using all educational facilities to inculcate sound ideas of a national, rather than provincial or sectional consciousness in the rising generation. A wider appreciation of the benefits, duties and obligations of Canadian citizenship is essential in the interests of national unity and should be one of the deliberate aims of our educational system.

POSITION OF CITIZEN IN ENQUIRY

We suggest to the Commission, with due deference, that the central standpoint to be maintained in seeking a solution of our present difficulties, should be that of the citizen rather than that of administrative bodies.

We emphasize this at this particular time because the very necessities of the enquiry call for the presentation of a "case" by provincial governments and other units of government and organizations which may put their views before

the Commission. It may well be that the development of arguments, particularly by our Provincial Governments, made under this necessity and in good faith, will have the effect of further emphasizing points of disagreement and encouraging narrow sectional aspirations, rather than stressing that unity of aim and purpose which is so necessary and desirable if we are to build an enduring nation in Canada, where all citizens enjoy an equality of freedom and opportunity.

May we, therefore, express the hope that Governments and other bodies in presenting their cases will regard the differences to be reconciled as problems, rather than grievances, to be worked out in a spirit of harmony and mutual goodwill.

Looking at the matter from the standpoint of the individual, we find every Canadian, except those few residing in sparsely settled districts is a citizen of a school district, a municipality, a province and in any event of the Dominion of Canada. He elects the administrative bodies in each of these governmental divisions as his representatives, to serve his interests, and is primarily interested in efficient and economical functioning of all divisions of government. The sum total of taxation is his real problem, not the different specific taxes themselves.

In essence, the citizen is the one to be served and the one who must pay all bills.

FUNDAMENTAL RIGHTS SHOULD BE PRESERVED
FOR ALL CITIZENS THROUGHOUT CANADA.

Every citizen in Canada should have certain fundamental rights in every part of Canada and therefore in every Province. At the time of

Confederation, as we believe, there was no impediment to free personal passage across the boundary into any of the provinces. For that reason, no doubt, there is no specific provision of the B.N.A. Act preserving free personal intercourse of Canadians throughout Canada. It probably never entered the minds of the people of that day that obstacles would ever be interposed. Whether it did or not, such free intercourse is a fundamental of national unity. Perhaps it is implicit in Confederation. But is it a legal constitutional right? Or is it a constitutional right that must be preserved by federal supervision of provincial legislation to see that the matter does not infringe the principle? At any rate this is an essential and it is not specifically provided.

It is inconceivable that a provincial legislature would revive physical slavery, as the term is commonly understood, which consists largely in deprivation of Civil Rights. But while such a condition will not be introduced by one Act, in view of certain developments, it is not impossible that the props of freedom may be conceivably removed one by one. Suppression of liberty of the press may be followed by a law dealing with alleged inaccurate statements by individuals, the accuracy to be arbitrarily determined by a government appointee and imprisonment or fine imposed, property rights might be confiscated and civil rights suspended. Habeas Corpus might be suspended in such cases so far as it comes within provincial jurisdiction. This would apply to Canadians from other provinces

who might be unfortunate enough to be temporarily within the particular province.

If there is to be national unity, there are certain rights that must inhere in Canadian citizenship. Not the bare right of voting at Dominion elections, but the right to obtain adequate information, to hear reasonably full discussion from all standpoints, to assemble and associate for that end, to come to an unmolested conclusion, to freely express views with the object of persuading others, and to have security of person and property and health and education, so as to be able to exercise the other rights. All of these existed in all the confederating provinces and were regarded as basic principles of British and Canadian law. Again, it probably never occurred to the minds of people of that time that any attempt would ever be made in any province to abridge such common and fundamental rights, and nothing is said specifically about them in the B.N.A. Act. But how can any Canadian properly discharge his duties as a Canadian citizen without them? How can he intelligently and freely exercise his Dominion Franchise? Can any line be drawn, in these fundamental matters, between his position as a citizen of the province and as a citizen of the Dominion? The territorial areas of the provinces constitute the inhabited area of the Dominion. If there is restriction of speech, press, assembly and association in the Province, how can they survive in the Dominion?

We submit these matters are of vital importance and that a certain minimum of "property and

civil rights" must be preserved throughout the whole of Canada.

PLAN OF GOVERNMENT MUST BUILD NATION.

Transcending all other issues, we believe the prime need of Canada today, and in the future, is that our plan of government in its whole character and above all other considerations shall be that of a Nation, with provinces and secondary governmental units occupying a proper but subsidiary sphere, in order that matters of true national import requiring uniformity throughout the Dominion may be within the competency of Dominion legislation.

The purpose of Confederation was the establishment of a national unit, and, except in matters of a local and a private nature, to wipe out provincial boundaries. There were advantages internally and externally which such unity was to achieve. We in Canada should know ourselves as Canadians, not as citizens of a province. Outside this country, it is Canada that people think of and nations deal with, not Manitoba, or any other province, or an aggregate of provinces. Is Canada adequately constituted to carry out the expectations which are based on this external idea of what Canada is?

Because of the emergence of conditions not anticipated by the founders, and of conceptions foreign to their scheme of Confederation, we are called upon again to decide the basic problem which the Canadian people decided seventy years ago, whether Canada is to be a national unit or a loose collection of nine independent sovereignties

We are confident the people of Canada will

approve the first alternative. Any apparent uncertainty is due to the fact that the lack of a clear-cut demarcation of responsibility between the Federal and Provincial governments has created some confusion of mind among our citizens, and has tended to encourage loose thinking and disrespect for constitutional government, and those fundamental issues involved in the maintenance of a free democracy based on British and Canadian traditions of law and order.

To allow such conditions to continue to exist is not only undesirable in itself, but is dangerous in a country which has drawn its population from the many and diverse nationalities which constitute our people.

In the period from 1900 to 1935, according to the Canada Year Book, 4,714,817 immigrants came to Canada, there being no less than 32 different racial origins represented in the arrivals during the five years ending in 1934. A large percentage of these people are still living, and in addition to their individual voices, they are in a position to exercise a powerful influence on the thoughts of their immediate dependents towards their allegiance to the ideals of Canadian citizenship. With this in mind, may we suggest the advisability of changing the procedure in taking the Dominion census, so that native-born, British and naturalized citizens may be denoted as Canadians. Provision might still be retained for recording their racial origin, the value of which, as now taken, we believe to be doubtful.

When these immigrants left the boundaries

of their native lands, they came prepared to give allegiance to Canada, which they visualized as a nation, rather than a loosely knit collection of provinces. They were prepared to forswear old loyalties, overcome the handicap of language and custom as might be necessary, and to accept the responsibility and benefits of citizenship in their adopted country; a natural and proper attitude, and one presenting great possibilities for developing a national consciousness.

We believe these considerations are of fundamental importance in determining the matters to come before the Commission, and we are confirmed in the opinion that the great mass of Canadian citizens view, with something akin to dismay, the growing conflicts which have developed between Provincial and Federal authorities, resulting in the spread of sectional ideas, and that they will welcome a redistribution of the powers and responsibilities which will contribute to the up-building of Canada as a Nation, give it more efficient and economical government, facilitate the development of legitimate business enterprise, and preserve to the individual citizen those inalienable rights to which he is entitled as a Canadian.

Respectfully submitted,
THE WINNIPEG BOARD OF TRADE

MR. ST. LAURENT: May I ask you to file your brief as an exhibit.

EXHIBIT NO. 17: Brief submitted to Royal Commission on Dominion-Provincial Relations by the Winnipeg Board of Trade.

COMMISSIONER ANGUS: May we look forward to having some illustration of the overlapping that you complain of? For instance Paragraph 10 on Page 4 contains certain complaints.

MR. STOCKDILL: I think, as intimated at the beginning, this brief contains some broad observations. We had not time to go into great detail; but I am sure if there are any suggestions or questions or any elaboration which the Commission would desire, and if it were made known to us, we would be very glad to have it presented in proper form when available.

COMMISSIONER ANGUS: My primary point is this: We had evidence this morning of no overlapping in agriculture. It is stated here there is expensive duplication. Naturally, one would like to have some information along that line when the Dominion Chamber of Commerce presents its brief.

MR. STOCKDILL: We shall be very glad to take that up and present what we can to endorse or back up the statements we have made in the brief.

COMMISSIONER DAFOE: It would be very valuable, when the Dominion Chamber of Commerce is presenting its submission, to give specific illustrations of the statement made in Paragraph 6:

"To secure freedom of trade the B.N.A. Act has an express provision for interprovincial free trade in all goods of Canadian origin, as against the system of tariffs which existed prior to Confederation, yet today we must deplore the course adopted in various provinces in some cases for many years, and now more noticeable than every, to restrict freedom of interprovincial trade by devices which have the same ultimate effect as imposition of tariffs upon business between provinces."

The Chamber of Commerce, which is a dominion-wide organization will probably bear that in mind in making their submission.

MR. STOCKDILL: I might say, Mr. Chairman, and Gentlemen, that the Canadian Chamber of Commerce has sent out to its constituent members a very complete questionnaire dealing with a great many of the subjects to which we have personally referred today. That particular question is one that is dealt with in that questionnaire. May I suggest, Mr. Chairman, if there are any particular phases which the Commission would like the Canadian Chamber of Commerce to deal with, they would be very glad to make available whatever they have on those subjects.

COMMISSIONER SIROIS: Mr. Dafoe has just asked you the question I intended to ask. In Paragraph 9 you say:

"A contributing factor to this condition is the disposition on the part of ministers, members of legislatures and administrative officials to seek ways and means of extending their jurisdiction where constitutional authority is at least doubtful -- "

I should like you to stress that point as well as Subsection 6.

MR. STOCKDILL: We shall be glad to take note of that.

THE CHAIRMAN: Mr. Stockdill, there are two or three questions I should like to ask you. In Subsection 3 of Section 5 you say:

"The provincial authority sets out the educational programme to which school boards must conform. The actual administration and spending powers are vested in the school board, but apart from the very limited grant made by

the province, neither the province nor the school board assumes the responsibility for levying and collecting the money necessary to carry out such programmes and policies."

I should like to point out that this is a matter, of course, only within the jurisdiction of the provinces. The province can change its law if it sees fit and make the school board directly responsible for collecting the taxes required in order to carry out its work. Can you tell me if that was the idea the Chamber of Commerce had in mind in that clause or just what was their view?

MR. STOCKDILL: I think, perhaps what was in their minds, although I am not able to say definitely, Mr. Chairman, was this: we have in the city of Winnipeg today a situation to which, no doubt, the city will make some reference. That was what we had in our minds, particularly. I am not sure whether we in our reference here would care to say anything on that or not.

THE CHAIRMAN: When the city presents its case we can hear from them. However, that is primarily provincial.

MR. STOCKDILL: Yes, we understand that.

THE CHAIRMAN: Then in Section 7 you speak of multiple demands made upon business by federal, provincial and municipal governments, and you suggest that they should be relieved of the necessity of complying with unnecessary regulations in connection with the question of taxation. We should like illustrations of that.

MR. STOCKDILL: We shall be pleased to do that.

THE CHAIRMAN: I have heard business men make strong complaints about the matter you have brought out here; but we have no practical illustration of that before us.

We would like to know just what the difficulties are.

MR. STOCKDILL: I might just give you one illustration now, if you would care to have me do so, Mr. Chairman. Life insurance companies, in addition making returns necessary to determine corporate taxation, are required to file returns showing the details of investments and general business with the dominion, and with the provinces as well. All the provinces do not demand the latter, but some of them do, and all have the right to require them. The province of Quebec by a recent enactment requires all companies doing business in the province, and already holding incorporation elsewhere, to reincorporate in Quebec, thus putting them to great inconvenience and heavy expense. That is one illustration and we shall be glad to go into them and submit others.

THE CHAIRMAN: In Paragraph 8 you refer to the tendency for governments to become too widely extended in realms of business. Can you give us information in regard to that when the Canadian Chamber of Commerce submits its brief?

MR. STOCKDILL: I shall be very pleased to.

THE CHAIRMAN: These are very important proposals you have submitted to us; but it would greatly aid us in considering them if we had concrete illustrations on the points on which you are making these representations. Then, Section 12 is a matter for the provinces, although it is very important to the dominion that the national idea should be cultivated. The educational systems is a matter for the provinces wholly. I now come to the fundamental rights you speak of. I was wondering whether your board had in mind, when you suggested there should be some constitutional revision in reference to these matters, that we should have in the Canadian constitution

something corresponding to the provisions in the American constitution. Possibly you are not in a position to answer that question today. When the brief of the Canadian Chamber of Commerce is submitted possibly we could have your opinion on that.

MR. STOCKDILL: Yes; we shall be very glad to do that.

THE CHAIRMAN: You are aware that under the federal constitution no person can be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use, without just compensation. Then, in the United States there is this limitation in regard to the state constitution, by the 14th Amendment: "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." If your board has any definite, concrete suggestions to make along that line we shall be glad to have them when the Canadian Chamber of Commerce submits its final brief.

MR. STOCKDILL: Mr. Adamson, who is at my right, Mr. Chairman, and was a member of the Sub-Committee tells me it was the United States Constitution which was in mind. We shall be very pleased to elaborate on that later through the Canadian Chamber of Commerce. We shall suggest to them that they keep that in mind when the present their viewpoint.

BY MR. ST. LAURENT:

Q. I have a couple of points I should like to clear up. I hope most citizens of Canada agree with the sentiments expressed in Section 12 where you say:

"A wider appreciation of the benefits, duties and obligations of Canadian citizenship is essential in the interests of national unity." Paragraph 3 is also in the nature of an appeal to a great many, if I understand it correctly. You say: "There is urgent need for a fresh appraisal of what services and functions our governments should be expected to perform, and which as taxpayers we can afford to support." Do I understand it correctly.

A. Quite right.

Q. Is it suggested that we perhaps at times have overlooked the ability of the taxpayer to pay in determining some of the services that our governments feel inclined to undertake. A. I think so.

Q. You think so? A. Exactly.

Q. Is it the view of the Board of Trade? A. Well I would think so. I think that was what they intended when they put this clause in.

COMMISSIONER ANGUS: Can you give us an illustration of that also?

MR. STOCKDILL: We shall be glad to do that sir.

BY MR. ST. LAURENT:

Q. There is just one other point to which I would like to refer. I would suggest, sir, that you are under some slight misapprehension as to the recent Quebec law about reincorporation. I believe what you had in mind was probably the law of a year or two ago which required people that wanted to acquire any portion of domain from the Crown to secure a Quebec charter. A. The information I quoted was given to me by the General Manager of a Life Insurance Company that I assumed was doing business in the province of Quebec, and was familiar with it.

Q. I think upon investigation you will see that it has only a very limited application, though perhaps even in

its limited application it may be something that should not exist. A. Maybe so.

Q. I should now like to refer to the statement in Paragraph 11: "With the advance of science and invention, which in recent years has practically annihilated time and distance, various matters dependent on local initiative and administration a few years ago, can now be developed and administered to much greater advantage on a national scale." There was a suggestion made here by Mr. Fisher that if company laws were administered on a national scheme it might be inconvenient to the public interest if there were not separate branches established all over the country. Has your board any views upon that? Perhaps that might also be considered? A. We shall be glad to give that consideration.

Q. The suggestion is made that it might require the establishment of branches; while this paragraph seems to suggest annihilation of time and distance. Perhaps it would be desirable to have the considered opinion of business men throughout the country on a question of central authority. A. I have made a note of that, sir, and we shall be glad to give consideration to it.

THE CHAIRMAN: May I on behalf of the members of the Commission express our appreciation of the very careful study the Board of Trade has made of these problems and for the valuable suggestions you have made. May I particularly express appreciation of the national view which your board has brought out in considering the problems. We all appreciate that.

MR. STOCKDILL: Thank you very much, sir. I am sure the members of the Board will be glad to hear the remarks which you have made. For the sake of Canada we felt that it was quite proper that we should view it from the

national standpoint, and we are very glad that it has been favourably viewed.

THE CHAIRMAN: We shall adjourn now until 2.30 this afternoon.

The Commission adjourned at 1 p.m.

(Page 880 follows)

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

UNION OF MANITOBA MUNICIPALITIES

CLIVE J. MACLEOD (Solicitor for the Union of Manitoba Municipalities) was called and examined.

MR. MACLEOD: Mr. Chairman, we have present Mr. W. H. French, the President of the Union, and Mr. John Spalding, Secretary.

THE CHAIRMAN: According to the brief, Mr. George Compton is the president.

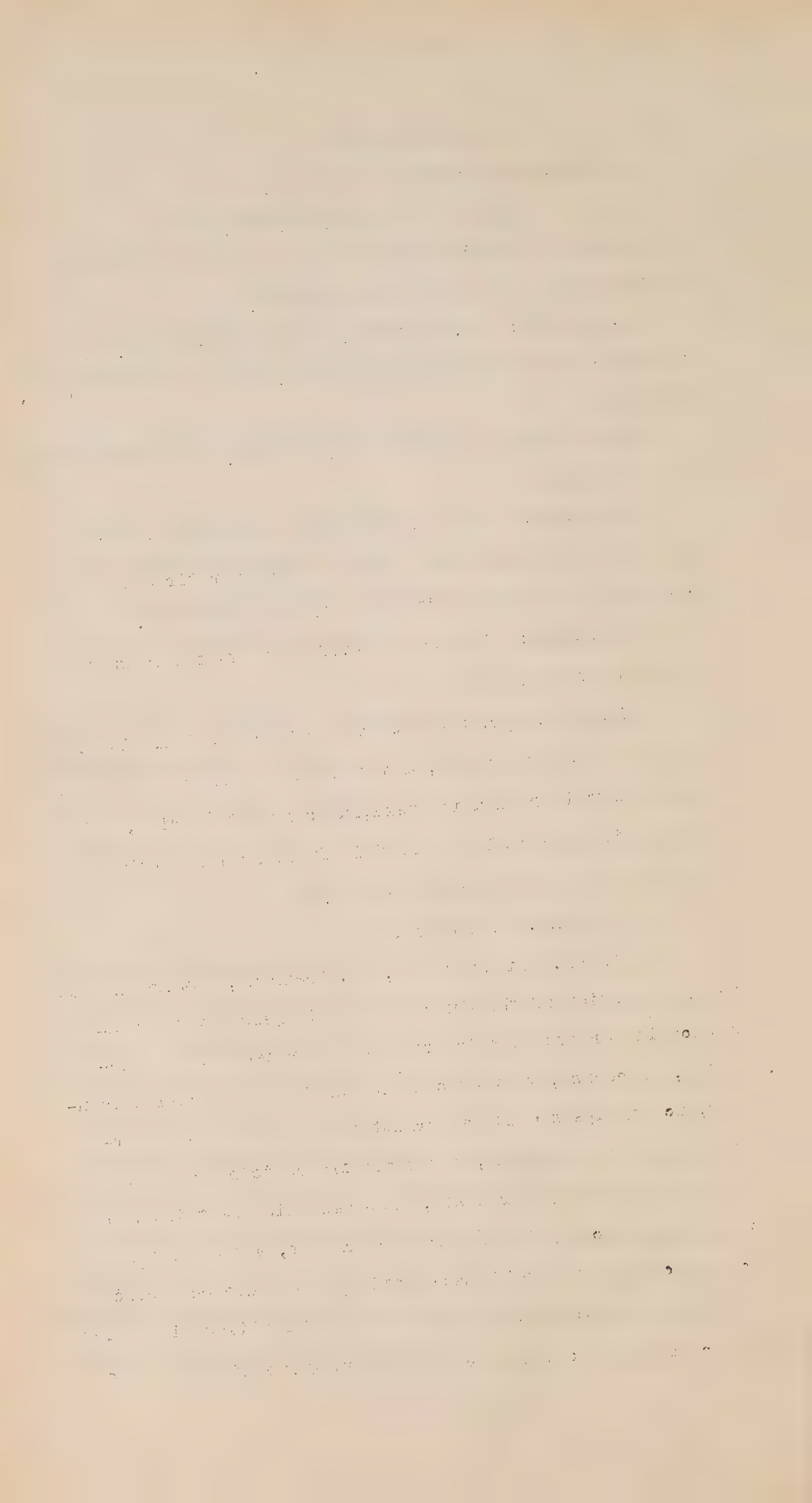
MR. MACLEOD: Yes, Mr. Chairman. Our annual meeting took place just last week, when Mr. Compton retired and Mr. French succeeded him in the office of president.

THE CHAIRMAN: Can you summarize the brief for us or do you wish to read it?

MR. MACLEOD: Mr. Chairman and Gentlemen, I had in mind making a few short remarks, and then if I might be permitted I should like to read a few paragraphs from the brief, without attempting to read the brief in full, as I understand that you are rather pressed for time.

THE CHAIRMAN: Thank you.

MR. MACLEOD: First of all, Mr. Chairman, let me express the appreciation of the Union at the kindness of the Commission in permitting this brief to be presented. We recognize, of course, that as children of the provincial government, we perhaps should be permitted to listen in and perhaps not to say anything, but there are certain problems that affect us very seriously, problems which we think should be taken care of by the federal government, and our main objective in making this presentation is to have on record with your Commission a picture of the difficulties with which we are faced to-day, so that after your Commission has made



its report and the government has acted upon it and granted some relief to the province, some measure of that relief, we are hoping, will be passed along to us to improve our position.

The Union of Manitoba Municipalities is an organization representing about ninety per cent of the rural municipalities of Manitoba and a very substantial proportion of the cities, towns, and villages of the province. As the larger urban centres are making their own presentations, the viewpoint expressed in this submission will rather be the viewpoint of the strictly rural section of Manitoba. Nevertheless, I think you will find after hearing from both urban and rural sections, that their basic difficulties are very much the same. Perhaps the only difference will be that as their population increases their financial difficulties also increase, but the basic troubles of both sections, I think, are pretty much the same.

We are not making a very lengthy submission. The government of Manitoba has devoted a large section of its brief to the municipal situation. It has supplied the Commission with very valuable statistical information, and all that portion of its brief really relates to the membership of the Union which I represent. I do not want to suggest that this is a criticism at all, but I was reading over the municipal section of the provincial brief a short while ago and I got the impression that it stresses very considerably the amount of assistance that has been granted to the municipalities in the past. We do not quarrel with that fact; we agree that it is true. Nevertheless, we wish to point out two things. As the events have I think proven, the assistance given has not been sufficient; and secondly, in some cases the use of the word assistance is hardly pro-

per, inasmuch as if our contention is correct, we have been assisted in providing public services which are really a provincial or a Dominion responsibility.

We also recognize the fact that the province has its own troubles, that it also requires assistance in some manner, shape or form by way of financial grants, redistribution of the field of taxation or being relieved by some other method of a part of its burden. But we are hoping that in any arrangement that is made, the municipal situation will not be lost sight of, and that we shall benefit from such a rearrangement so that we may be able to carry on and perform the public services that have evolved upon us.

When the municipalities were first established in Manitoba, their administrative powers were restricted to purely local matters; likewise their field of taxation was defined within very narrow limits. We do not think that at that time it was contemplated that the municipalities should undertake the duties and obligations that they have since assumed or which have been forced upon them during the last twenty or twenty-five years. Their position can probably be defined briefly by stating that their difficulties are brought about by two particular problems; First, they have had too many responsibilities involving the expenditure of money either assumed or else forced upon them; and secondly, with those added responsibilities there has been no widening of the taxation field. Land primarily has been the only source of revenue for the municipal institutions. There are certain other powers of taxation, the personalty tax and the business tax, but insofar as the organizations that I represent are concerned the monies derived from those latter two sources of taxation are very negligible, and not only negligible, but very unreliable. It is therefore on these two

points that our argument centres, and now with your permission I shall read one or two extracts from the brief. I quote the last paragraph on page 1:

"The desperate financial position of our municipalities has been forcibly brought to public attention by the extra demands of the past seven years, due to extensive unemployment throughout Canada and drought conditions affecting the farming communities. It is not a proper conclusion, however, to state that our difficulties have been brought about entirely by unemployment and crop failures. The trouble goes back to the years before the Great War, when extensive development and colonization schemes were under way, and the demands for highways, schools, hospitals, institutions, and many other services and works grew apace.

Central governing bodies endeavored in the first instance to establish the principle that it was a municipal responsibility to provide the cost of these works and services, and at the same time required the Municipal Corporation to raise the money required by a system of taxation on land absolutely inadequate to take care of increasing demands following upon increased population, motorized transportation, recognition of state responsibility to care for sick and indigent persons, and the raising of the standards of living and education."

Then at the bottom of page 2:

"What the Municipal Unit requires to-day, and has required for many years past, is relief from ^{the} burdensome land tax now prevalent. New

"avenues of taxation will not effect any cure if they are confined to the restricted area of municipal taxation. Those services which are recognized as of general public import must be paid for by the central governing bodies by means of taxation equitably borne by the taxpayers of Manitoba and Canada and not by municipal land tax alone."

It is submitted on page 3 that the following public services, and the attendant financial responsibilities, are provincial rather than municipal.

1. Instructional costs of public school education.
2. Building and maintenance of highways other than market roads.
3. The establishing and maintenance of institutions for the care of the sick, widows and orphans."

It is also submitted that the following services are of national import and should be paid for by the Dominion of Canada:

- "1. The care and maintenance of the aged and blind, and of soldiers, their widows and children in distressed circumstances.
2. Relief for the unemployed, in its widest sense."

THE CHAIRMAN: With reference to No. 1, has not the care and maintenance of the aged and blind up to the present time been a municipal responsibility, these people being taken care of in Old Men's Homes and institutions of that kind?

MR. McCLEOD: That is correct. Of course, there are

old age pensions to-day, which alleviate the burden to some extent, although I understand that part of the cost of these pensions is laid against the municipality through the Municipal Commissioner's levy. Is that not correct, Mr. Major?

HON. MR. MAJOR: Part of it.

MR. MACLEOD: That is a tax on land, of course.

THE CHAIRMAN: Is that what you are objecting to? Ordinarily in any municipality the poor, the indigent and aged unemployed are looked after by the municipality, which is in a better position than any other agency to see that they do not suffer want, is it not?

MR. MACLEOD: Well, we think that the administration feature is something that could be well undertaken by the municipality, and so far as the rural section of Manitoba is concerned they are quite content to take care of cases that might come within the category of charity cases. On the other hand, we have in the province of Manitoba, for instance, the Child Welfare Act, which makes special provision for orphaned children, children under 16 years of age, and of widows left in distressed circumstances, to look after those who through some physical disability require some special care, and so on. We feel that in cases of that kind some method of taxation should be evolved that will relieve the land from the burden of taxation.

HON. MR. MAJOR: That is not on the land.

THE CHAIRMAN: You say that the Dominion should pay for the care and maintenance of soldiers, their widows and children. But so far as soldiers are concerned, they are looked after by the Dominion government, are they not?

MR. MACLEOD: That is correct, but there are some soldiers who are receiving unemployment relief directly through the medium of the municipality.

THE CHAIRMAN: After the soldier is back in civil life and is employable, why do you separate him from the other employable people who need relief ?

MR. MACLEOD: Well, I think to a certain extent the government has made that distinction, and perhaps we are taking advantage of a certain amount of recognition of that principle. There has been something said about the fact that war veterans are receiving better treatment perhaps than the ordinary individual on relief.

THE CHAIRMAN: They get the preference in employment, but I did not understand that there was any different scale of allowance for the soldier who is employable and back in civil life and is unemployed, and the civilian who is employable but who is unemployed, both living in the same municipality. Is there any difference in the scale of unemployment relief?

MR. MACLEOD: Under certain circumstances, Mr. Chairman, I believe that some of the veterans are on the soldiers' civil re-establishment basis, and that their scale is higher than the ordinary relief scale. I do not know just why that is, but I believe that is correct.

THE CHAIRMAN: I can understand that a man suffering from a disability would be treated differently.

MR. MACLEOD: By way of illustration I will state to you a case that I know of. A returned war veteran out of employment receives certain assistance through the soldiers' civil re-establishment organization, but the municipality in which he lived with his family was required to pay for the medical attention and hospital care of his wife and children. Perhaps that is one of the small items they had in mind in mentioning this particular thing in the brief.

THE CHAIRMAN: Is not any financial responsibility which

the municipality must carry imposed on it by the province rather than by the Dominion?

MR. MACLEOD: Most certainly that is correct, but when you are faced with a situation such as I outlined, and the party in question comes to the municipal council and says that his family needs medical care or hospitalization and says that he cannot get that service through the federal department, what is there to be done? It is the man who is next door to the trouble who usually pays.

THE CHAIRMAN: That would be equally true, would it not, of any unemployment?

MR. MACLEOD: That is correct. But the municipalities, besides bearing their share of relief in which all governments participate, pay in most cases 100 per cent of the costs of hospitalization and medical care and various other things. We recognize that.

THE CHAIRMAN: I see your point. Your point is that if he is one who is receiving his support in some form from the federal government because he is a returned man, that support should cover the entire amount that is required to look after his medical attention and hospitalization?

MR. MACLEOD: It should be adequate.

THE CHAIRMAN: For medical and hospital treatment?

MR. MACLEOD: Yes. I quite recognize that the objection to pretty well all that is set out in this brief is the fact that we are the creation of the province of Manitoba, and what we can do, and what we are required to do, depends entirely upon what the province says. The Dominion, in effect, has nothing to do with it, but nevertheless, through the heavy financial responsibilities that have devolved upon both the municipalities and the province, we are both in the position that we need assistance, and we hope that the municipalities

would benefit by any assistance that is given by the Dominion to the provinces.

THE CHAIRMAN: You do not expect the Dominion to give any direct assistance to the municipalities, but you hope that if the Dominion does give assistance to the province, the municipalities will benefit by that assistance.

MR. MACLEOD: Directly benefit to that extent, Mr. Chairman. If the Dominion government assumes responsibility for certain services, and the financial responsibility for performing them, that undoubtedly is of direct benefit to the municipalities, particularly in reference to those two items that I previously mentioned, old age pensions, and pensions for the blind.

Turning to the brief again, we have set out what you might call six particular complaints with respect to matters that are perhaps local in their effect but which have caused a great deal of difficulty and some resentment amongst municipal bodies. They are set out on page 3, and are enlarged upon on pages 4 and 5. If I may be permitted I should like to make a short remark or two on each of these complaints. The first item that is mentioned in the five paragraphs on page three is this :

"Lands owned by the Manitoba Farm Loans Association, Soldier Settlement Board, and the Canadian Farm Loan Board, heretofore exempt from taxation, and revenue bearing Crown lands and University lands, be declared taxable, or in the alternative grants be made in lieu of taxes on these lands."

It might be explained here that certain concessions or financial payments have been made with respect to the Manitoba Farm Loans Association's Lands. That is really a matter

between the province and the municipalities. But the Dominion government, is of course, directly interested in lands owned by the Soldier Settlement Board and the Canadian Farm Loan Board.

THE CHAIRMAN: I should think those should be subject to the ordinary municipal taxation.

MR. MACLEOD: That is correct. We understand, of course, that Crown lands are not taxable, and we have been told that legislation cannot be passed that would make them taxable, but we feel that some payment in lieu of taxes should be made by these organizations. So far as the municipality is concerned, it is in the same category perhaps as an ordinary lending body. They put soldier settlers on the land, and these settlers require all the municipal services that anybody else requires, and that costs money; but if through foreclosure or some similar event these lands revert to these bodies, they are exempt from taxation. We feel that some consideration should be given to the municipal body in connection with these lands because in some cases the loss of revenue is very serious, and nearly every municipality has suffered to some extent from this cause.

The next item is paragraph two:

"Municipal financing by means of debenture issues should be undertaken through the medium of the Central governments so that the lowest rate of interest possible to be obtained should be made available to the municipal body."

The municipalities feel that in the past they have paid on their debentures, if and when they could issue them and sell them, too high an interest rate. The rate has usually been six per cent, with a fairly heavy discount of principal when the bonds or debentures were sold. Now, with the

drop in the general average of interest rates we feel that something should be done by the federal government to make available to the subsidiary political bodies interest rates more in keeping with their ability to pay. It has been suggested that perhaps municipal financing could be done through /^{the} medium of the Bank of Canada, and the backing of that institution would probably give us what we desire.

Following along the same line, there are a great many municipalities whose debentures have reached to such a large figure that to all intents and purposes they are bankrupt, and except by getting debtor and creditor together, and making some arrangement agreeable to both parties there is no way of getting that debt fixed at an amount the municipality can reasonably expect to pay. We feel that some machinery should be set up whereby a municipality in financial difficulties could appeal to a board and have that board act as an intermediary between the debenture holder and the municipality.

THE CHAIRMAN: I understand from Mr. Major that under the department of which he is the head certain provision is made for negotiations to be entered into with a view to the adjustment of municipal indebtedness.

MR. MACLEOD: That is quite true, Mr. Chairman, but is it not a fact that the type of legislation is in the nature of bankruptcy legislation, which is within the Dominion field?

THE CHAIRMAN: You think there should be more comprehensive legislation dealing with municipalities in default?

MR. MACLEOD: That is correct, and I feel that that should be a Dominion matter because of the fact that bankruptcy is under Dominion control.

COMMISSIONER ANGUS: Are municipal debentures trustee securities in this province?

MR. MACLEOD: Yes, I believe so. Then item No. 4 is along the line of item No. 1. Item No. 4 reads:

"Public utilities, such as telephones and hydro electric projects, when operated by the governments, should bear some form of taxation."

These public utility operating telephone systems, hydro electric systems, and so forth, have an enormous capital invested, and we feel that where these organizations acquire property in a municipality some contribution should be made towards the general cost of municipal public services; for creations of that kind, such as hydro electric buildings and plant, require certain municipal public services to which the federal public utility does not contribute, and the rate payers have to foot the bill one hundred per cent.

THE CHAIRMAN: While there may be great force in your contention, how does this Commission have anything to do with that particular problem so far as it relates to provincial utilities?

MR. MACLEOD: It has nothing to do with it, Mr. Chairman, except as I said before, this is probably the first opportunity the municipalities have ever had of laying before a public body of this kind their troubles, and if the province gets any relief from the Dominion after the sittings of this Commission, we have all our material on record here, and we shall not let the province forget it.

THE CHAIRMAN: To use the language of the street, you will camp on their trail.

MR. MACLEOD: Yes. Then item No. 5 is in the same

category as item No. 4, so I will pass that over. It is on record, and that is really what we want.

There is another burning question that has provincial limitations. It is taken up in item No. 6, which reads:

"The Municipality should share in the moneys realized from gasoline and automobile taxation to help pay for rural highway construction and maintenance, if these responsibilities are not taken over by the Province."

Of course, if the province and the Dominion take over the administration of highways, they can have the gasoline and automobile taxes.

In the provincial brief the province presented a very extensive list of statistics, showing the consolidated condition of the different municipalities over a period of years, and I thought perhaps the Commission might be interested in taking one particular municipality as an example to show the increasing debt burden to which all these municipal units have been subject, not simply during the past six or seven years but over quite a period. We particularly want to show that the last seven years of depression are not really responsible for the position in which we find ourselves to-day. They have served to accentuate the situation, but the condition we are complaining of has existed for a great many years.

In Schedule 1, I have taken excerpts from the financial reports of a Manitoba municipality for various years from 1916 to 1936. I have selected this particular municipality because it is not in the dried-out area of southwestern Manitoba, and it is not subjected to the peculiar difficulties of the suburban municipalities. It is selected as a good example of the average rural municipality of Manitoba.

It will be observed that owing to good management, and at not too great a sacrifice of service, the school expenditures have gone down between 1916 and 1936. Any reduction there has been has been largely from 1929 to 1936. The school expenditures in 1929 were \$45,000 and in 1936, \$27,000, and that reduction has really been at the expense of the school system. The school teacher is not getting the salary that he should receive, and school buildings are not being kept up to the proper standard. You can enlarge on that to quite an extent, but I shall content myself by saying that the district is doing the best it can with the money it obtains from its only source of taxation, which is the land.

The next item in the schedule, unemployment relief expenditure, has increased from \$624.90 in 1916 to \$17,102.58 in 1936. Of course, that is directly attributable to the depression period.

Hospital and medical expenditures have increased from \$2,162.50 in 1916 to \$5,484.25 in 1936. Just at this point perhaps I had better explain that you will be hearing much larger figures when the city of Winnipeg presents its case with its millions of dollars, and when the suburban municipalities present their case with their hundreds of thousands of dollars, and so on, but I am speaking here of a district with a total population of about 5,500 people a purely farming community. So while these items may appear small compared with the urban districts, they are just as important and just as hard to pay for the smaller district as the larger amounts of larger communities.

THE CHAIRMAN: I am glad to see that your general debt has fallen.

MR. MACLEOD: Yes, but unfortunately it went up in 1930.

This municipality did not have any debenture debt until 1921, in which year it was \$123,000, and in 1924, \$209,000, and that has been brought down in 1936, to \$129,288.01. But the very next item, \$88,000, represents a drainage debt that was assumed by this particular municipality in connection with a settlement with the province, and that makes the total debenture debt of this municipality in 1936, \$117,000.

The next three items are the important factors in our problem. In 1916, this municipality had tax arrears of \$61,000; in 1918 that had risen to \$95,000; in 1921, it had increased to \$123,000, and in 1924, to \$158,000. Those were not the depression years at all, and in 1924, they wrote off \$69,467.14 of taxes as uncollectable, which brings the arrears down to less than \$100. In 1929, five years after, the tax arrears are back to \$108,000, and today, in 1936 the tax arrears amounted to \$152,343.32, which if you add the last item in the schedule, \$44,476.35 involved in tax title lands, amounts to nearly \$200,000. Now compare that with your levies and your collections. Your levies ran from \$94,000 in 1916 to as high as \$169,400 in 1921. Then in 1936 they were down to \$115,500. There is a certain relationship between these two figures. Your tax arrears go up as your levies go down.

Another thing I would like to point out is that in none of these years mentioned--and this is a general condition--notwithstanding the fact that there are these tremendous arrears of taxes, the collections ^{do not} equal the amount of the current year's levy. One would naturally suppose that in normal times, between the current levy and the accumulated arrears, a sufficient amount of cash would come in at

least to equal the current year's levy, but such is not the case.

THE CHAIRMAN: In 1936 the tax levy was \$115,000, and the tax collections \$111,000. That is pretty close.

MR. MACLEOD: Yes, that is about the nearest they have come. There is that differential right through.

I shall not take time to deal with schedule No. 2. It is just put in to show how from 1930 to 1936, a determined effort was made to cut down taxes, to relieve the land, so that there would be some possibility of getting enough revenue to carry on. These figures show a reduction of about two and one-half million dollars, roughly. But if you will look at the second part of that page, showing the consolidated condition of municipal tax arrears, the reverse is the case. The tax arrears increased from 1930 to 1936, by a little more more than the amount of the tax decrease.

Now I just want to refer to page 7 of the brief, where we say:

"In particular we urge that the financial responsibility for the following services must be assumed by the provincial government:

- (1) Instructional cost of education.
- (2) Construction and maintenance of highways, other than market roads.
- (3) The establishing and maintenance of institutions for the care of the sick, insane, physically unfit, neglected and orphan children.
- (4) Maintenance of widows and unemployables."

You heard something about that this morning. We also urge:

"That the following are Dominion government responsibilities, and the cost of such services must be wholly assumed by that government.

" (1) Pensions for aged and blind.

(2) Unemployment relief in all its branches."

I suppose it is needless for me to say that a lot of these items perhaps should not appear in a brief that relates to Dominion-Provincial relations, but as I said before, this is an opportunity for us to put them down in black and white, and we are looking towards the future, now that our case has been presented, and later we may have to go after the province along these same lines.

I might say, Mr. Chairman, that with me are Mr. French, the President of the Union, and Mr. Spalding, the Secretary. I do not think they wish to make any presentation on their own behalf, but having in mind that Mr. French is a municipal man of many years experience and that Mr. Spalding is an old Municipal Secretary, we thought if you had any questions to ask, they will likely be the only men during the sittings of this Commission in Winnipeg who will appear before you and who have had what is really a strictly municipal experience.

THE CHAIRMAN: Mr. Macleod, you have presented the matter very fully, and your brief, which will be filed, deals so largely with matters that concern the relationship of the municipalities to the provincial government, with which we are not immediately concerned, that I do not think it is necessary that we should ask any questions.

MR. ST. LAURENT. The brief will be filed as Exhibit No. 18.

EXHIBIT NO. 18.

Brief of the Union of Manitoba Municipalities, presented by Clive J. Macleod, Solicitor for Manitoba Union.

(Page 905 follows)

CASE FOR THE CITY OF WINNIPEG.

MR. J. PREUDHOMME, K.C., (Representing the City of Winnipeg): Mr. Chairman, the Mayor, Alderman Honeyman, Chairman of the Finance Committee and Mr. W.B. Brown, Deputy Treasurer of the City, are associated with me.

THE CHAIRMAN: We wish to give you ample time for the presentation of your case, Mr. Preudhomme, but inasmuch as there are twelve or thirteen more representations to be heard we should be glad if you would try not to take more time than is necessary.

MR. PREUDHOMME: I can assure you, Mr. Chairman, that it is our intention to be very brief. If the Commission will allow it, Alderman Honeyman would like to make a preliminary statement.

ALDERMAN E. D. HONEYMAN, K.C., Chairman and gentlemen, perhaps you have already been welcomed so frequently that you would wish that hereafter expressions of welcome might be dispensed with. On the other hand, speaking as a representative of the first large city of Canada whom you will be hearing, I think it is only right that I should impress upon you -- and no words of mine can impress it too strongly -- the desperation in which the cities of western Canada at any rate have lived during the last few years.

Those who have been in charge of the finances of Winnipeg and of other cities of western Canada have felt in the last few years that they were indeed sitting upon a keg of dynamite. The unemployment relief problem is the straw that has broken the camel's back, and for a couple of years after the depression struck us, in fact until 1935, the moneys that were required for the purpose, all of which were borrowed and capitalized since 1931,

were loaned by the Dominion government to the province and in turn by the province to the city.

In 1935 that practice was discontinued and after that we succeeded in selling to the Winnipeg Sinking Fund Trustees, which is an incorporated body separate and distinct from the city and over which we have no control -- it administers funds for the bondholders of the city -- \$2,500,000 of our bonds, the proceeds of which we used for unemployment relief purposes.

For the last year and a half, Mr. Chairman, we have been entirely dependent upon the good graces of the Bank of Montreal, our banker, for the solution of our unemployment problem. Unfortunately, there is not one of us in the financial department who does not realize the unsoundness of what we were asking the bank to do. None of us could help appreciating the fact that this unsound banking practice must be brought eventually to a close, and we were therefore not at all surprised; although perhaps the rest of Canada was, when our relief problem came to a head last July, at which time we were told by the Bank of Montreal that other methods of financing apart from borrowing would have to be found.

A temporary compromise was arranged whereby the Bank of Montreal, who used to pay for us forty per cent of the relief, informed us that they would pay twenty per cent if the province or some other body would finance the other twenty per cent of what they were at that time and had been for a considerable period carrying. They gave us to understand that by the end of this year we must have completed our future arrangements for carrying our unemployment relief load, independently of banking facilities.

You will see therefore that we stand now within three weeks of an impasse unless Mr. Bracken or the government of Manitoba or the Dominion government is prepared to come to our assistance. We do not know what is going to happen with respect to unemployment, there being approximately 6,000 heads of families who are out of work at the present time. That is the condition in which we have found ourselves for a considerable time.

When therefore I say that we were delighted that a step had been taken that might lead to a solution of our difficulties you will appreciate the reasons for that remark.

I may say that this community is delighted with the personnel of the Commission, and we feel sure that out of your labours there will come some relief to us. We are confident of the merits of our case, just as we are confident of your ability and your fairness; and certainly, so far as you are concerned we feel sure that a recommendation will be made which will be of benefit to us.

There is one thing which perhaps I should draw to your attention in considering the municipal problem. I suppose it is fair to say that our governmental systems are modelled in this country largely after the system that exists in Great Britain, but there is this distinction, which embarrasses us from time to time, and that is, that whereas in England there are only two governments, the municipal and the central, in Canada the central government is represented by two governing bodies; and we think it would be very unfair to us, gentlemen, if because one of these two central governments is given the resources and not the responsibility for municipal problems, while the other is given the

responsibilities but no money with which to discharge those responsibilities, we should be denied what we think is simple justice to the municipalities.

During the last several years it has been the practice at Ottawa to put the telescope to the blind eye whenever the municipalities have appeared over the horizon. That has been rather irritating to the municipalities. For though we may be creatures and children of the provincial government, nevertheless we are entities, and we think we have attained our majorities, so that cognizance should be taken of our problem both by the provincial and by the Dominion government.

May I suggest to you that we should dislike very much the suggestion that your duty is solely to consider the relationship between the two recognized governmental entities to which I have referred -- the entities recognized by the Constitution, the federal government and the province -- and so deal with the municipal problem as only a part of the provincial problem.

I think it would be unfortunate for the municipalities, and certainly for the great cities, if they were simply lumped with the province in the consideration of the problems that affect them. After all, the provincial administration consists largely, numerically anyway, of the management of the rural parts of the province. And if the moneys which the cities need in order to carry on are to be entrusted to the local legislature for distribution to the cities, we cannot help fearing that perhaps the cities will not receive as much as equity demands.

This, I submit, is an important point to bear in mind from the standpoint of the Dominion, because these problems are going to be terminated, they are going to be buried

and stay buried, only if an equitable solution is arrived at. And if it should happen that moneys secured from taxation and distributed in the way of grants and so on from the Dominion to the province, largely for the ostensible purpose of taking care of the municipal problem, are not applied to the municipalities, then the problem will continue to engage our attention and it will be raised until equity is attained.

THE CHAIRMAN: Is it your opinion that you do not get justice from the provincial government?

ALDERMAN HONEYMAN: The difficulty, Mr. Chairman, lies in the fact that we have ten members from the city of Winnipeg while there are forty-five members from other parts of Manitoba. But I am not expressing any fears particularly with respect to the province of Manitoba; I am addressing myself to the general problem, and while it may be true in Manitoba, it is no more true in Manitoba than it is in the province of Quebec or in Prince Edward Island or in any other province.

The fact is however, that representation of the cities in the provincial House is very small indeed, particularly in relation to the magnitude of the financial problems which have to be faced. And trusting, Mr. Chairman and gentlemen, that equity will be done by us, I think it would be the part of wisdom, if I may make the suggestion, so far as your Commission is concerned, if you would recommend this as a rule of procedure to be followed hereafter by governments; namely, that so far as municipalities are concerned they will have, hereafter, no misgivings with regard to the distribution of moneys, but may look forward to a condition wherein there will be no more allocation of responsibilities to municipalities

without at the same time an allocation of sources of income with which to meet those responsibilities.

We have found in recent years that our sources of income -- and the chief source is real estate -- have been very limited; and from time to time whenever provincial governments have become big hearted when approached by socially minded citizens for the provision of this or that social service, they have undertaken to have such services provided, but at the same time they have insisted that the work should be done by the municipality, so that the municipalities have had perforce to meet the expenditures out of their limited revenues. That is grossly unfair.

Hereafter, if we are asked to assume any burdens, we submit that we should be given the wherewithal to carry those burdens. In order to emphasize that point, we have added to our brief as originally prepared another page, designated 23A. We have given a breakdown of Exhibit No.1 showing the expenditures of Winnipeg, divided into controllable and uncontrollable items.

You will see from this that the items which are uncontrollable, which are wished upon us by the superior governments, and which we must pay for out of the common pot, are very much larger than the sums which we ourselves administer.

If you will look half way down the page you will see a summary of items not controllable by council, 62 per cent; nominally controllable by council, 25 per cent, and unemployment relief, 13 per cent. I would draw your attention to the fact that many of these items that are nominally controlled by the council are, physically speaking, beyond our control.

I might point out that the larger items that are uncontrollable, which we must necessarily pay out of the common pot include such things as school levies. We have no control over school funds, and it is a first charge on our funds. Then there are such items as Police Commission, Parks Boards, hospital fees for indigent patients, and so on, together with the debt charges, which in 1911 were made a first charge upon our resources.

In 1911 a statute was passed amending our charter and providing that every time we issued debentures we must make an assessment on real estate, and the moneys collected are a trust fund handed over to the Sinking Fund Trustees. So that we have no control over that once the original debt is incurred. We have also included at the bottom of the page a summary of debt charges.

It has been suggested that the Sinking Fund of the city of Winnipeg might be utilized for the purpose of paying unemployment relief costs from day to day, and if you will look at the breakdown you will find that there are only two items which are really controllable; in the sinking fund column, \$196,780 for general government, and \$156,149, which represents the unemployment relief debt that we have issued, amounting altogether to only \$350,000; whereas, our annual cost of unemployment relief is between \$1,500,000 and \$2,000,000.

If you care to study that in greater detail you will find that the school board is represented there. We have no control. The Act provides that they shall make the assessment and we must levy the money; and whether we get it or not we must pay.

These items represent costs that must be assessed against property owners in the city of Winnipeg. The

city of Winnipeg is the pipe through which that money flows, and it is assessed against the property owner and goes to the Sinking Fund Trustees.

There is a large sum contributed by the self-supporting utilities; but there is no more point in using the money they raise in business for the purpose of paying unemployment relief than there is in taking the funds of other businesses in the city and devoting them to the same purpose.

We have been quite proud, Mr. Chairman, of our position up to the present time -- our debt situation. For thirty odd years we have carefully administered our finances, perhaps by reason of a statutory enactment, and we should not therefore take too much credit for it. It was compulsory.

I believe that our net debt situation in this city is perhaps better than in any other large city in Canada, but the problem that does worry us is our current position.

As Mr. Preudhomme will demonstrate from the brief, we simply cannot get enough money, as we go along, to carry the burdens of the day. More than that, we have lost all our sources of credit, the Bank of Montreal being our last resource.

We have not been able for five years to sell bonds on the market, and it does us no good to reflect that we have administered our funds carefully and that our debt situation is good. The fact is that we cannot get money to pay for our unemployment relief from day to day.

THE CHAIRMAN: You have spoken of certain sinking fund requirements. Is that a statutory matter?

ALDERMAN HONEYMAN: Yes, my lord, it is in our charter. The city of Winnipeg was in 1911 in a deplorable situation. The banks refused credit. There was supposed to be a

voluntary sinking fund which was not set up in any sufficient amount, and at that time the whole financial situation was revamped and put upon a sound basis.

Money was advanced in England, millions of dollars, on the express understanding at that time that not only would a sinking fund be set up but that it should be made compulsory by statute; and those bonds will mature within the next year or two. It would be most regrettable, therefore, after these gentlemen had made that provision thirty years ago, if anything were done with respect to that sinking fund which would result in defeating their purpose.

THE CHAIRMAN: Do I understand that you have a sinking fund to take care of those bonds?

ALDERMAN HONEYMAN: Do you mean, sir, all our outstanding indebtedness?

THE CHAIRMAN: No, the bonds that will mature shortly.

ALDERMAN HONEYMAN: We have \$12,000,000 or \$15,000,000 maturing in the next two or three years, and the sinking fund will be ample to take care of them. We have \$6,000,000 or \$8,000,000 of Dominion government securities which are saleable and we have others that are also saleable, so that we think we will have sufficient cash with which to meet that large sum of money.

Of course, so far as the book balance is concerned, we have about \$32,000,000 in the sinking fund in securities, but that is not all liquid. We have some of Alberta, some of Moose Jaw and others of Regina. I believe that Moose Jaw to-day was selling at 48 cents on the dollar. Securities of that type would therefore be a real problem so far as sinking fund is concerned.

Some questions were raised this morning which I should

like to discuss for a moment or two. In your discussion with Mr. Macnamara, sir, certain things were said which were of interest to me, though I do not know whether I should approach them or not. Perhaps you are interested in hearing the views of some of the municipal government men throughout Canada with regard to the points raised, and if so I should be glad to mention them.

THE CHAIRMAN: You were present and heard the discussion and if you wish to comment upon what was said we shall be glad to hear you. Does it relate to unemployment?

ALDERMAN HONEYMAN: Yes, with particular reference to the inquiry that was made regarding the number of unemployables. We have 1,813 cases, of which 500 are family cases; and if they have the same number of dependents as the unemployment relief ratio shows, there are also about 3,000 or 3,500 who are dependent upon social welfare for support.

During the great depression the amount paid out of the social welfare fund has remained fairly constant, so that it cannot be said that there was any raiding of the unemployment relief funds of the city to take care of those normally supposed to be a local charge.

During the years 1932 and 1933 there was a drop in the cost of social welfare. That, of course, was the time when unemployment relief was very urgent and people were being registered by hundreds. Possibly some got on then that should not have got on, but later there was a clearing out of the unemployables, and during the last year or two the cost of unemployment relief has been higher to us than it was prior to the depression period.

There is no reason why unemployables should be greater

in number in this period than in any other, and I think it can be said that we are taking our full share of them.

Mr. Macnamara suggested that the system of unemployment relief itself tends to make a man unemployable. Frankly, I am unable to follow him in that statement. A man is either a worker -- that is, one engaged in physical labour -- or a white collar man. If he were used to manual labour and went on unemployment relief, I would hazard the opinion that he is in better health to-day than ever before; and I say that because the statistics with respect to school children indicate that the children of unemployed people are much healthier to-day than they were while their fathers were employed. And if the children in such homes are healthier, it is a fair supposition that the fathers would be in a better physical condition, apart from the fact that they might be rather soft from years -- perhaps I should modify that and say months and months, at any rate -- of unemployment, during which time they have not used their muscles.

There is this fact that I would call to your attention. Those who have done works in connection with unemployment relief in our midst -- contractors -- have been compelled to take their labour to a large extent from the unemployment roll, and they are very well satisfied with the type of men they have got. And they have had to take them as they came.

Of course, these employers found that for the first week such men had to be babied a bit until their muscles hardened, but apart from that they were pleased with the work that these men did. Of course, if they had been white collar men, one could not expect them to undertake physical work.

Most of us, I believe, would agree that a man of 55 or 60, that is, the white collar man, is not unfitted for the job he used to do.

As regards the question of relief expenditure from the point of view of administration, I believe that question was cleared up this morning.

Another question upon which Mr. Macnamara has expressed an opinion and in regard to which I beg to differ with him -- and I do so with some trepidation, because I have the very highest respect for his capacity -- was this. He said he thought there would be a cheaper administration through local bodies, and that it would be better for the administration of relief to remain in the hands of the municipalities.

With all due respect I wish to take issue with him in that regard; I doubt it very much. The cost of unemployment relief may be comparatively cheap in Winnipeg to-day -- and I am speaking of Winnipeg alone. But we are charging nothing but the bare essentials. There is nothing for overhead, central administration, legal cost and accounting and auditing. But the cost is there just the same.

As regards the matter of garden plots, and the willingness of the city to provide such plots to the unemployed if the Dominion administered it, you can rest assured we and every other Canadian citizen would be willing to help the unemployed in such a manner at any and all times. We have found that feeling of sympathy throughout the community in the past and I would expect it in the future.

I see no reason why the administration could not be carried out as economically, and in fact more so,

taken as a whole, if it were central. We have half a dozen municipalities, all of them setting up relief systems; and if relief is to be administered properly it must be under the charge of a man of considerable ability. In my opinion therefore it would be cheaper, and in the end better for the administration, if all the Winnipeg area, which represents 84 per cent of the relief problem of the province, were administered from one central office.

It was suggested that the political angle should be taken into consideration if the problem were to be taken over by the Dominion.

You must not suppose for a moment that there is not a political angle to-day when it is municipally administered. We had last year on relief in Winnipeg 10,000 married men at one time or another during the year; and, supposing every man's wife voted, that would represent 20,000 votes. And if promises have not been made in the past one can rest assured, human nature being what it is, that it will not be long before that fertile field will be cultivated strenuously indeed -- and it will be cultivated with much more effect than it would be in the Dominion field or provincially.

After all, the relief problem for the province of Manitoba is centered in Winnipeg -- 84 per cent in Winnipeg, the other 16 per cent being in the rest of the province.

If you want to look at the matter from the political angle, I suggest that the politician or the statesman will not be concerned with that 16 per cent so far as the relief problem is concerned. And as regards the government, when once it is elected -- and I do not think I am revealing any secret when I make this statement --

the provincial government in my time has never given a continental for the political feeling in Winnipeg.

THE CHAIRMAN: Given what?

ALDERMAN HONEYMAN: We have ten seats in Winnipeg and 45 in the other parts of the province, and what Winnipeg thinks of any problem is neither here nor there. This is where the political voting will be done if there is any voting to be done with respect to the relief problem; and when I use Manitoba by way of illustration, I am not saying that this province is different from any other. Any province will find that its relief problem centres in the cities.

It can be taken that in Canada the representation in the Dominion House from the cities is negligible; and as regards relief, the opinion of the city would be negligible either in the Dominion or in the provincial House.

It can be said that the only reason why relief has been kept on the level on which it has been -- and I think the level is thoroughly satisfactory -- is that the food has been checked by dietitians and is ample; and the scale has remained as low as it is because the provincial government has fixed the scale of relief. If it had been possible for our council to fix the scale it would have been very much higher than it is to-day. So long as 60 per cent of the contribution to relief was made by the other two governments it was necessary that our city should do as they said when they fixed the scale of relief. It was impossible for us to do anything else.

THE CHAIRMAN: That is some help you are getting from the provincial government?

ALDERMAN HONEYMAN: Yes, we have got lots of help from the provincial government. Now, Mr. Chairman, I believe that is all I have to say, unless I might be allowed to outline further that question of unemployment relief as it appears in the brief. Generally speaking, I think the municipalities should get the relief which the central government gives; let the two senior governments decide between themselves which of them shall give us that relief. In respect of unemployment relief, the general view is that, whatever it may be under the Constitution, it is or should be the responsibility of the Dominion.

This view was advanced by the Canadian Chambers of Commerce, meeting in convention in this city some years ago, and endorsed by the Union of Municipalities of the Prairies and by the Canadian Union of Municipalities as well, and the reasons may be summarized in these terms. After all, the municipality has no responsibility for the cause of unemployment. Unemployment springs from causes attributable to trade and commerce and industry, and that is something which the municipality cannot control. We should not therefore have the ill effects visited upon us. That is the first point to be recognized.

In the second place, the municipality is a small unit. If this city were successful in solving its unemployment problem the people of St. James, St. Boniface and Portage la Prairie would rush to Winnipeg over-night, with the result that, no sooner solved, the problem would arise again. And the same argument applies in the provincial field.

Finally, so far as the municipalities are concerned,

it is mathematically impossible for us to take care of unemployment relief. It simply cannot be done.

There has been a suggestion, since this brief was prepared, that the Dominion is working towards a distinction between employables and non-employables, possibly looking towards unemployment insurance.

There may be a tendency on the part of some municipalities to hedge, and to consider whether they will have a heavier load to carry under those circumstances, and to decide the question from that angle.

It would be unfortunate if that were generally followed. If this problem is to be solved it must be tackled on logical grounds, and we must approach the whole question in a reasonable way. This city has always been willing to allow that the unemployables are our charge while unemployment relief should be a Dominion responsibility. That does not mean that the problem may not become too large for us. If it does, we have only so much money to spend and we shall spend it to the best of our ability. But if the problem of unemployables does become too large, we may need help.

I do not think there is anything further I have to say, Mr. Chairman and gentlemen, and I wish to thank you for the kind attention with which you have followed the remarks I have made.

THE CHAIRMAN: Shall we now hear from you, Mr. Preudhomme?

MR. PREUDHOMME: Alderman Honeyman has dealt for the most part with unemployment relief as one of the major burdens upon the city, and he has told you quite frankly that the city cannot carry on, that it is financially impossible for it to do so.

I wish to bring to your attention the fact that

unemployment relief is not the real cause. It is a major cause of new development; but owing to the onerous services which have from time to time been imposed on the city of Winnipeg, the condition of bankruptcy was bound to result.

If there were no unemployment relief problem, the condition that prevails to-day was likely to have occurred.

THE CHAIRMAN: If you had not had to pay for any of the unemployment relief, and therefore had no interest charge in respect of money borrowed for that purpose, would not your budget have been in pretty fair shape?

MR. PREUDHOMME: It is shown in this brief, Mr. Chairman, that irrespective of that, the position had grown intolerable and was continuing in that direction. The increase in these onerous services to which I have referred has been so great, and the heavy burden upon land to meet these onerous services has been increasing to such an extent, with the consequent diminution in the value of land, that it would have been impossible for us to carry on.

THE CHAIRMAN: It was pointed out to us this morning by the Board of Trade that the problem had reached the point where the public was demanding from governments more in the way of service than the taxpayers could afford.

MR. PREUDHOMME: Possibly, sir. But we have seen that some of these onerous services are not local municipal services; and the province, which has been shifting these services on to the municipality, has appropriated to itself revenues which are logically local revenues. Where certain services make revenues possible, those revenues should logically be used for the

purpose of supplying the services; and the municipality having been deprived of those revenues has gradually found itself in an impossible position. The result has been that the normal local services which the municipalities discharge have been neglected, and we are getting to the point where that neglect is so marked as to affect the business community of the city and to impair those revenues from which taxation is payable. Services like fire protection, street maintenance, sewers and water and street cleaning, obviously local services are suffering to such an extent that it may impair the revenue producing ability of the business community and its ability to pay taxes. We are getting to that stage.

Page 925 follows.

On Page 4 of the brief the services which the city provides are stated. The social services, as you will see, account for 28 per cent. We say a large percentage of that is onerous services.

COMMISSIONER ANGUS: The onerous services are provided. They must be paid for by some tax paid by someone.

MR. PREUDHOMME: Yes.

COMMISSIONER ANGUS: Is it suggested that they be spread over a larger area than the province?

MR. PREUDHOMME: Some in Manitoba and some in a larger area.

COMMISSIONER ANGUS: If the tax were spread over Manitoba a fair share would fall on the citizens of Winnipeg.

MR. PREUDHOMME: Granted, yes, a large percentage of them, but not all.

COMMISSIONER ANGUS: You suggest in some other proportion?

MR. PREUDHOMME: In some other proportion, yes. We set out a scheme later on which will indicate what we think in that connection.

Now, on Page 5 we indicate what it would cost if the city had restored its normal local services to which its usual level. The statement is a half a million dollars is required for this purpose, as indicated on the top of the page. The next paragraph indicates that the salaries and wages of employees require restoring, including teachers. They have been reduced on the average by about fifteen per cent. At present there is a great deal of agitation among employees, including police. For the first time in the history of Winnipeg, and I believe in any community in Canada, the police force had sought

a board of conciliation and submitted evidence before that board. A certain amount of disquiet has arisen out of that. To restore the reductions it would cost about \$800,000 a year on general account. Street maintenance and fire protection have had to be neglected. Our fire equipment is gradually depreciating to such an extent that it is becoming a hazard. We take pride in our fire department. It has been improved to such an extent that insurance rates have been reduced in consequence. We feel that unless we maintain that standard there will be a very severetax on business in the matter of insurance rates.

Now, with respect to the social services, there was some discussion as to what hospitalization means. The city of Winnipeg, under that heading, is in a peculiar position. We have representation upon the Winnipeg General Hospital Board. We meet the deficits; at the end of the year, when there is a deficit the board usually goes to the city and gets a grant. But in addition to that the city is in the same position as any other municipality; that is to say if an indigent citizen be treated under the provincial Act, a fixed amount of \$1.50 a day is levied upon the city of Winnipeg. The city has the right to collect from the patient; but the indigency of the patient in the first instance does not improve very much, and we find that most of the amount that is collected goes into the cost of collecting. We collect a very small percentage of what we pay out; and most of what we collect is expended in the cost of collecting. We make an effort to collect. In addition to that the city of Winnipeg provides two hospitals for infectious diseases. They are municipal hospitals, and they serve the whole community, the whole province. There is a provincial sanitarium for tuberculosis, and there is another infectious hospital across the river

in St. Boniface. Winnipeg has a large infectious hospital, and allowing for all we collect from patients who can pay, and the carrying charges, we show a deficit of about \$300,000 in that institution every year.

THE CHAIRMAN: Are you speaking of the municipal institutions?

MR. PREUDHOMME: Yes.

THE CHAIRMAN: What is the net result in regard to the hospital where you treat indigents?

MR. PREUDHOMME: Between \$20,000 and \$50,000 deficit. Mr. Brown tells me for several years we have made a grant of about \$20,000 a year in addition to paying our share of the hospitalization. The Child Welfare Act has been discussed by the province. We pay our share under that act to certain child welfare institutions in the city in addition to the Child Welfare Department of the government. The city child welfare institutions can go out and have a child arrested as a neglected child and take him before a judge of the juvenile court. If the judge decide that that child is a citizen of Winnipeg then the cost of maintaining that child in an institution is charged against the city of Winnipeg. I come now to the school levy at the top of page 7. The school levy is \$2,989,500.00. Based on the 1937 assessment, the school cost will be approximately 15 1/2 mills on the dollar. As we say at the bottom of the paragraph, Winnipeg school costs in the past twenty years have grown from \$1,129,000 to \$2,989,500, an increase of over 160 per cent. You have heard a great deal as to the fact that the management is not a body over which the city has any control.

THE CHAIRMAN: I notice the stress you lay on that. Do you suggest that the law should be changed?

MR. PREUDHOMME: We have a feeling that the cost of education is not a local charge, and should not be imposed

on the land.

THE CHAIRMAN: How would you collect it?

MR. PREUDHOMME: Our submission indicates that the provincial government should undertake that out of its general revenue, and pay at least all or a large proportion of it, perhaps 50 per cent.

In our third paragraph we say:

"Police protection in the city of Winnipeg is no longer a purely local problem; it affects practically the whole of the Prairie Provinces, especially Manitoba. The position of Winnipeg, geographically, attracts not only transients of peaceful intent, but it becomes a centre of contact and possible activity of practically the entire criminal element in the middle west. The proximity to the international boundary and the wide stretches between Winnipeg and other large urban centres in Canada undoubtedly produce an unusual condition in relation to the problems of the city of Winnipeg Police Force. Economic conditions during the depression years have also been a factor.

Since the year 1916, police protection costs have increased (in round figures) from \$400,000 to \$600,000, an increase of 50 per cent. During that period of time, the population increased from about 200,000 to about 225,000, an increase of 12 per cent.

THE CHAIRMAN: You do not suggest that police protection should be other than a civic service. Does the city want to maintain and control its own police force?

MR. PREUDHOMME: We do not think the police force is really a local force. We think the police department is performing a general governmental service, and at least part of that should be borne by the general government.

THE CHAIRMAN: Do you suggest that the province of Manitoba should take over the police?

MR. PREUDHOMME: Either that or the general government take over a part of the costs, 50 per cent.

COMMISSIONER ANGUS: You say that you draw criminals from a wide area. Dont you also get business from the same area, and dont you in that way get the revenues with which to pay for your police force?

MR. PREUDHOMME: It is not a local revenue. We do not say these revenues come out of the business which benefit by the services we provide. That may be general revenue.

COMMISSIONER ANGUS: The province collects revenue from business transacted all over. We had the argument here that if the revenues earned or distributed in Toronto are earned in Manitoba then Manitoba has a claim for taxation to some extent. Would not the fact that you get criminals be offset in the same way?

MR. PREUDHOMME: Economists have come to the conclusion - I believe I have heard them discuss it - that the only kind of tax that would absorb a revenue of that kind is an income tax, a dominion income tax. That is a circulating revenue and you can't localize it all.

COMMISSIONER ANGUS: You do not think the value of land in Winnipeg is affected by the amount of business done in Winnipeg?

MR. PREUDHOMME: Yes, but that is by local conditions. You cannot put your finger on any one piece of land which has increased because of revenue coming in from Alberta.

THE CHAIRMAN: Commissioner Angus' point is this as I understand it: If you get the benefit of business drawn from the whole west you cannot reasonably object to the little disadvantage there may be from the fact that a

few criminals come in as well. You must take the bitter with the sweet. If you take the business you must take what is incidental to that business. Criminals come in with business. It is an inseparable association.

MR. PREUDHOMME: Yes. We are offering to pay 50 per cent.

Dealing with highways and bridges we say that Winnipeg is the centre, or hub, of the provincial trunk highways. The province makes no contribution towards the maintenance of highways within the city of Winnipeg. It is submitted that this is an inequitable discrimination and that a special contribution towards bridges and highways should be made by the province. Of course, we say also, the highways are services to the dominion as a whole. The province does make grants to highways in other municipalities, but Winnipeg does not get any share. Towards the cost of maintaining highways we suggest that a logical tax would be such a tax as the gasoline tax. The gasoline tax is a tax imposed upon the users of highways; and the motor vehicle tax is a tax which should be imposed upon the users of highways. These are taxes which the provincial government collects.

THE CHAIRMAN: Can you persuade the dominion government to do something for you in that respect.

MR. PREUDHOMME: We have tried our powers of persuasion and have failed entirely in that connection.

ALDERMAN HONEYMAN: We expect you to do justice to us.

MR. PREUDHOMME: We point out in the accounts of the province, revenue from these two sources amount to \$2,000,000 and \$1,000,000 respectively making a total of \$3,041,000 in round figures.

Real estate tax is shown at the top of page 9. By looking at that table you will see that 92 per cent comes from taxes on land.

THE CHAIRMAN: Yes; we have had that presented by Mr. Evans.

MR. PREUDHOMME: Yes. Mr. Evans, though, failed to present the real situation with respect to arrears. He left the impression there were about \$6,000,000 of arrears. That is not quite right. That is dealt with a little lower down on the same page, Mr. Chairman. I am referring to the last paragraph but one where we say:

"Total Tax Arrears at the end of 1936, including arrears on properties abandoned to date of acquisition, amount to over \$12,000,000.00. 30 per cent in amount of taxpayers were in arrears for one year or more at the end of 1936, the property affected thereby having an assessed value of approximately \$55,000,000.00."

THE CHAIRMAN: I assume that a good deal of that property is unoccupied.

MR. PREUDHOMME: Vacant, yes, although some of them are not vacant property. That is dealt with at the bottom of page 10, where we state:

"Many properties in good condition have been demolished by the owners in order to escape taxation. These include residences of the class which may be termed the mansion type, amongst which were the former homes of such well known citizens as Sir Augustus Nanton, Sir William Whyte, Sir Daniel McMillan, the Honorable Robert Rogers, and so on."

Many of these gentlemen are dead. But there has been a recent case where a very wealthy man, still living, demolished his home on the pretext, rather than pay taxes.

THE CHAIRMAN: Do you not think it would have been better to grant him exemption.

MR. PREUDHOMME: There would then arise the difficulty of discrimination between him and the other home owners.

THE CHAIRMAN: Yes, I know.

MR. PREUDHOMME: We go over the page to show that not only is vacant land affected, but there is some property in the centre of the city, business property, that has been abandoned also. We say in our brief:

"It is also significant that title through tax sale proceedings has or can be taken to many valuable business properties situated in the very heart of the City."

Mr. Dafoe, I am sure, is familiar with that.

THE CHAIRMAN: That is true of properties in other cities; it is not a peculiarity of Winnipeg.

MR. PREUDHOMME: Perhaps, Mr. Chairman, that general municipal condition will impress itself upon the Commission. It may be that the proper allocation of services and revenue has not been made between municipalities and provincial governments in the country.

COMMISSIONER ANGUS: The fact that property has become obsolete may have a bearing. It is evident that it could not be in good physical condition.

MR. PREUDHOMME: Yes, but if it were revenue producing property then obsolescence would gradually be removed. It would be good business to provide for obsolescence out of revenue. That is the normal course of business. In this case it was impossible, to provide for that. We feel, and that is what the real estate fraternities say, that the tax burden has been too heavy.

COMMISSIONER ANGUS: There is no evidence that these gentlemen who pulled down houses did not provide for obsolescence out of revenue.

MR. PREUDHOMME: We did not examine their accounts.

We say it is most extraordinary for a man to destroy his home or a business concern to allow its property to be sold for taxes.

On page 12 we give a list of the items from which the provincial government obtains its revenue. The first item there is: "Liquor profits". You have heard the history of that.

THE CHAIRMAN: You mean most of that is consumed in the city of Winnipeg?

MR. PREUDHOMME: A large percentage, I must confess, comes out of Winnipeg. We say it was understood that we, and other municipalities, would get 50 per cent. We did actually collect \$1,000,000 from that source; but the government enacted a statute deleting the provision for distributing 50 per cent of the profits among the municipalities, and no further payments have been received. The Attorney General tells me the enactment of the supplementary revenue levy was the reason for their appropriating all of the liquor profits, instead of their giving us a part. The gasoline tax is another major item, and as shown by the table, amounted to \$2,015,130. Automobile licenses amounted to \$1,025,919. Then we come down to the Corporation Income Tax -- I am skipping the special 2 per cent income tax and the personal income tax, because these are general taxes; but I am including taxes which are put upon the services which we render to make it possible to collect them. The business which is producing that revenue are businesses which are made possible because of the services the city renders. I am now referring to "Corporation Income Tax, Corporation Taxes, Railway Taxes, and Amusement Taxes." These are all taxes which we say are of a local nature and because the services we supply produce the taxes; yet they are all

appropriated by the provincial government. We do not get any of them. I say, while no information is available on the point it can be readily understood that the chief source of provincial taxes is the city of Winnipeg.

COMMISSIONER ANGUS: Do you think these taxes should be increased?

MR. PREUDHOMME: Increased?

COMMISSIONER ANGUS: If the city got some of these taxes what provincial taxes could be increased in order to make up the deficit?

MR. PREUDHOMME: Perhaps I am accentuating the difficulty of the provincial government; but that is what I wish to impress upon the commission. We are saying that the illogical situation in which the city finds itself does not help the city because the province is embarrassed. I say that the province may be embarrassed but the city's position is illogical.

COMMISSIONER ANGUS: I understood you to say a few moments ago that the province should relieve the land of taxes in Winnipeg by some other taxes that would be paid in part, at least, by the citizens of Winnipeg, and that presumably would be one of the taxes that would be magnified or increased.

MR. PREUDHOMME: I am not suggesting that they be magnified at all. The report of the Bank of Canada states that there is no source which can be tapped; that the citizens cannot bear any heavier taxation. Maybe the province has assumed burdens it should not assume; maybe there must be some readjustment with the province and the dominion. But I am pointing out that from the municipal point of view those are taxes which are produced by municipal services, and if the municipality is required to carry burdensome services then this source should be made

available to it. That is the position in which we put ourselves.

I now deal with the railway situation. I am referring to the last paragraph on page 13 where we state:

"The province has exempted all railways from Municipal Taxes, and has imposed a special Railway Tax based on earnings. This tax yields the Province about \$600,000.00 a year. If railway properties were taxed in Winnipeg on the same basis as other properties the yield would be around \$500,000.00 a year. As Winnipeg has to provide services in respect of railway properties in the City the same as in respect of other properties, it claims that it should receive a portion of the tax collected by the Province."

The city of Winnipeg made an agreement with the C.P.R. in 1881 granting it exemption from taxation. The city has been able, however, to bargain with the C.P.R. and get some payments in lieu of taxes from the C.P.R. It is our opinion that if the provincial prohibition were not in the Provincial Railway Taxation Act we would be able to make an arrangement with the C.P.R. to void that exemption. That does not apply to the C.P.R. only. As a matter of fact, all railways are exempted by provincial legislation from municipal taxation in order to enable the province to levy 3 per cent on their gross receipts.

At the bottom of page 14 we make a comparison between the operations of the city and the province. We say:

"During these years (1931-6) the Revenue from Taxation of the City of Winnipeg has been reduced by \$1,500,000. The reduction in local improvement taxes, however, which is offset by a reduction in Debt Charges on that account, should be eliminated in order to arrive at a figure for comparison with the Provincial position. The net reduction would

therefore be \$1,000,000.

During the same period the Provincial Revenues from taxation increased by nearly \$3,000,000."

On the next page the situation is set out in detail. For the year ending 1932 provincial tax revenues amounted to \$6,510,642, and for the year 1937 \$9,458,212, an increase in five years of \$2,947,570. Winnipeg's reduction in the five years amounted to a million and a half dollars, roughly. The facts are stated as illustrating that with necessarily expanding expenditures in the depression period the province was able to expand its revenues, something which the city could not do. The Bank of Canada Report indicates that there is no further expansion of revenue available now for either the City or the Province.

We deal next with the question of taxation of government commercial enterprises. We say:

"The government pays Realty Taxes in connection with its Liquor operations but not Business Tax."

The Attorney General does not like to have this called a tax. He sticks to the point that the government can't pay taxes. They make us a grant. I may say, in justice to the government, that there is an arrangement with respect to their telephone services. If the telephone operations show a surplus sufficient to pay the city an amount equivalent to the taxes the government pays or makes a grant to the city; but we cannot always count on it.

THE CHAIRMAN: I suppose you do not assess any other private enterprises on that basis.

MR. PREUDHOMME: No, we cannot. They would be very happy, I take it, to have that done. May I quote a statement in a report made by Mr. Thomas Bradshaw, who

was appointed a sole commissioner to make an investigation in 1934. He says:

"Tax on Government Commercial enterprises -- The Province now pays full property taxes in connection with its properties used for its liquor business, but no business tax. In connection with any commercial enterprise of the Government, full municipal taxes should be paid. The City charges its own utilities, -- light, waterworks, etc., -- with full taxes. The Provincial telephone system and power commission do not pay taxes. The full taxes on the former utility would amount to \$66,000.00 a year. Approximately, the City has lost in taxes since the Government took over the Telephone system from the Bell Telephone Company, \$900,000. The Bell Telephone Company pays nearly \$400,000 a year in taxes to the City of Toronto, and the British Columbia Telephone Company over \$50,000.00 a year to the City of Vancouver. It is also understood that the Manitoba Provincial Telephone System derives revenue from the renting of surplus space in certain of its Winnipeg structures, thus competing with privately owned buildings which are taxable. This surely is most unfair. The City pays the cost of police and fire protection and other services in connection with all of the Government's commercial enterprises."

May I make a comparison of Winnipeg's position with that of other cities. Toronto received railway taxes, telephone taxes, and a provincial government subsidy amounting to \$2,613,000.

THE CHAIRMAN: That last item is in lieu of the income tax which the provincial government took away from

the City.

MR. PREUDHOMME: Yes, I know that. I might say we have endeavoured to get a municipal income tax, but we have never succeeded so that there was nothing to take away from us. As previously stated the province of Manitoba taxes railways and has exempted them from municipal taxes. No taxes are paid on the telephone system, and no subsidy is paid to Winnipeg. The province of Ontario, as from April 1st., 1937, has entirely relieved the municipalities of any share of the cost of old age pensions. This item cost the city of Winnipeg in 1936, \$123,000.

Railway taxation yields the city of Vancouver over \$1,000,000 a year, and the telephone company pays \$60,000 a year. Also the city of Vancouver receives from the province \$446,000 in education grants, about twice as much per capita as does Winnipeg, together with \$270,000 on account of motor licence fees. Vancouver does not pay any portion of the cost of old age pensions.

In Great Britain the central government assumes 100 per cent of unemployment assistance; 50 per cent of police and educational grants; and in addition makes substantial grants for other purposes. For example the grants paid by the central government to the city of Birmingham in 1934 towards its current expenditures totalled almost three million pounds. The problem as set out on page 18 shows a deficit under normal years operations of \$3,313,955. If the city had to assume the full cost of unemployment relief there would be \$2,250,000 to be added bringing the deficit up to \$5,500,000. To effect a reduction in taxes levied on real property, which everybody agrees is necessary, it would be necessary to reduce the tax rate to 25 mills, and allow reduction in the assessment

to \$190,000,000. If that were done the loss in revenue would be over \$2,000,000. Add that to the deficit and there would be \$5,000,000 to be made up. We suggest the following as remedies:

"(1) The City to be relieved of all unemployment relief costs in future as well as the debt incurred therefor in the past.

(2) The City to receive substantial grants towards the cost of Education and Police Protection.

(3) The City to be relieved of a substantial portion of the cost of Hospitals, Hospitalization, Health and Welfare Services.

(4) The City to be relieved of the Municipal Commissioner's Levy for old age pensions, etc.

(5) The City to be given a portion of the revenues derived by the province on account of railway properties in the City.

(6) The Provincial Government to pay Municipal Taxes on the properties used in connection with its commercial undertakings.

(7) The Provincial Government to pay over to the City a substantial portion of the revenue derived from gasoline and automobile taxes, to be used for maintenance of highways within the City."

We then indicate what the result would be. On the next page is indicated what the city's budget would be if that were carried out, and the expenditures. In our conclusion we make a novel request, Mr. Chairman. We make a request for interim relief. Alderman Honeyman has already indicated that the city cannot float a bond issue. We cannot go on the market; we are dependent upon the Bank of Montreal. In the third paragraph on page 31 we say:

"Apart from relief costs, Winnipeg cannot balance its budget for 1938 without increased revenues, if present services are to be continued. That is what I said at the beginning. In our last paragraph on page 21 we say:

"Ample evidence has been submitted to shew that Real Estate, so far from being able to assume increased burdens, must of necessity be relieved of a portion of its present burdens, in fact it is quite possible that unless relief is forthcoming, the requirements for uncontrollable items such as education, social services, debt charges, etc., may absorb all the revenue derivable from real estate, and leave nothing for strictly municipal services. Sixty-four per cent of the present expenses of the city are for social services, education, police protection, etc., services which should be considered as not municipal in character, and the City should be relieved of cost, in whole or in part, of these services.

While the province of Manitoba has its difficulties, nevertheless a large portion of these difficulties have been loaded on the shoulders of the city of Winnipeg. The City has had to meet increased responsibilities with smaller revenues, and consequently has gone into debt to the extent of \$9,500,000.00 on relief account, and of necessity has been compelled to curtail many essential services."

On page 25 appears an exhibit which we have called Exhibit 3. This indicates the increase in the per capita expenditures of the city. In 1901 the per capita expenditure was \$19.12; in 1936 it had reached \$53.37. In the previous year it was \$58.89.

Mr. Brown points out to me that social services and education account for most of the increases. We say these are onerous, and we cannot continue to bear them with the available sources of revenue, land only being 92 per cent. I am asked by the treasurer to impress upon the Commission the fact that at the end of this year we shall have reached an absolute impasse.

THE CHAIRMAN: I appreciate the difficulty which confronts the city but I do not see how this commission can be of any relief. It seems to me your help must come from another source.

MR. PREUDHOMME: From the province?

THE CHAIRMAN: There is no provision in our appointment for an interim report on a particular situation. I think you will have to take it up with the province.

MR. PREUDHOMME: We are pleased to hear that from your lips, because we can use it.

(Page 942 follows)

THE CHAIRMAN: We cannot deal with that. It is something beyond our competence, and you must deal with your governmental authorities if there is to be any relief.

MR. PREUDHOMME. We appreciate that in the past we have always had to deal with the province, and that is what Alderman Honeyman stressed so earnestly in addressing you. I do not know whether you would like to ask Mr. Brown, the treasurer, any questions on financial matters, but he would be glad to answer any questions that might be put to him.

MR. ST. LAURENT: I think, Mr. Chairman, that most of the questions I had intended to ask can be answered by reference to the material which the Commission is gathering together, without getting it from the lips of the officers of the municipality. There are three or four points on which it would perhaps be informative to have answers from the treasurer. It would take me about ten or fifteen minutes.

THE CHAIRMAN: Then we will finish it to-morrow morning.

The Commission adjourned at 4.30 p.m.,
until 10.30 a.m., Tuesday, December 7th.

ROYAL COMMISSION ON DOMINION PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

[Manitoba]

Vol. 3, Pt. 2

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T. S. Hubbard



WINNIPEG, MANITOBA, DECEMBER 7, 1937

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

WINNIPEG, MANITOBA, DECEMBER 7, 1937

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Law Courts, Winnipeg, Manitoba, on Tuesday, December 7, 1937, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	
)	Commissioners
DR. ROBERT ALEXANDER MacKAY)	
)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

Louis S. St. Laurent, Esq., K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary
Adjutor Savard, Esq.	Secrétaire Français

FOR THE MANITOBA GOVERNMENT:

Honourable William J. Major	Attorney General
Honourable Stuart Garson	Provincial Treasurer
A. Macnamara, Esq.	Deputy Minister, Public Works and Labour
Isaac Pitblado, K.C.	Public Works and Labour Counsel

FOR THE PROVINCE OF BRITISH COLUMBIA:

Senator J. W. Farris, K.C.	Counsel
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FOR THE PROVINCE OF ONTARIO:

D. W. Lang, K. C.	Counsel
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FOR THE CITY OF WINNIPEG:

J. Freudhomme, K.C.	City Solicitor
Alderman E. D. Honeyman	Chairman Finance Cte.
W. B. Brown, Esq.	Deputy Treasurer

FOR THE RURAL MUNICIPALITY OF ST. JAMES:

Ronald Hooper, Esq.	Reeve
R. J. Weatherall, Esq.	Secretary-treasurer
J. S. Hanna, Esq.	-----

FOR THE UNIVERSITY OF MANITOBA:

Hon. A. K. Dysart	Chairman, Board of Governors
Sidney E. Smith, Esq.	President
F. W. Crawford	Bursar

FOR THE GREATER WINNIPEG YOUTH COUNCIL:

James Cowan, Esq.	Chairman Constitutional Committee
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FOR THE RURAL MUNICIPALITY OF EAST KILDONAN:

J. F. Campbell	Solicitor
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FOR THE SCHOOL DISTRICT OF WINNIPEG, NO. 1:

Robert Jacob, K.C.	Solicitor
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FOR THE MANITOBA SCHOOL TRUSTEES ASSOCIATION:

J. A. Marion, Esq.	-----
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FOR THE MANITOBA TEACHERS' FEDERATION:

Miss Florence Lipsett	
E. K. Marshall, Esq.	General Secretary

FOR THE CATHOLIC MINORITY OF MANITOBA:

Franck William Russel, Esq.	St. Mary's Cathedral Parish
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FOR THE SOUND MONEY ECONOMIC SYSTEM ASSOCIATION:

Stuart Harris, Esq.	-----
J. C. Metial, Esq.	-----

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Law Courts,
Winnipeg, Manitoba,
December 7, 1937.

MORNING SESSION

The Commission met at 10.30 a.m.

ALDERMAN E. D. HONEYMAN (Chairman, Finance Committee, Winnipeg, was called and examined).

BY MR. ST. LAURENT:

Q. There were three or four points with respect to which I need a little more information in order to correlate the figures, Mr. Honeyman. On the top of page 6 of the city's brief, the amount of the expenditure on relief is given for the six years from 1931 to 1936 inclusive, and Winnipeg's share is shown as \$8,424,000. In Mr. Macnamara's report that we had yesterday, the figure for the period from October 1, 1930 to March 31, 1937, was, on general account, \$7,218,290.94, and on special account, \$26,457.48; or a total of \$7,244,000; and in addition to that, administration, \$1,286,000, making about \$8,500,000 for the period up to March 31, 1937. As your estimate for 1937 was a total of about \$1,690,000 for one quarter, that would be \$400,000, and evidently there is something that is not included in Mr. Macnamara's figures but which is in the figures of the city. Have you the information which would indicate what additional amount was included in the figures of the city?

A. The same answer as given by Mr. Brown has occurred to myself. Our figures are correct. We do not know how Mr. Macnamara made up his figures. We did not have the benefit of Mr. Macnamara's figures at any time. They were first revealed to us yesterday. Our figures are absolutely correct.

Q. Mr. Macnamara said that those figures were the figures for the unemployed who were looked upon as employable at the time and went under relief. Would it be that your

figures include not only those persons but the unemployables?

A. No. There is nothing included in those figures except in cases where the two governments contribute, and that makes it unemployment relief.

Q. Yes. And you have not had an opportunity of examining Mr. Macnamara's figures for the period? A. No.

ALDERMAN HONEYMAN: My Lord, and Gentlemen, we have brought with us this morning copies of the Annual Report of the Commissioner of Finance for the year ended December 31, 1936, which we will leave with the Commission, and which will give you a lot of additional detail. The figures of unemployment relief are broken down there up to the end of 1936. That will be found on page 11.

MR. ST. LAURENT: I think it might be useful to the Commission, and afterwards we can decide whether to make this report an exhibit or merely to use it as supplementary information.

THE CHAIRMAN: If it gives a break-down of the unemployment relief figure, perhaps it might be marked as an exhibit.

MR. ST. LAURENT: That will be Exhibit Number 20.

EXHIBIT NO. 20: Annual Report of the Commissioner of Finance, City of Winnipeg, for the year ended December 31, 1936.

ALDERMAN HONEYMAN: On page 11 you will find a statement of all the costs from 1931 on. That is summarized on page five of the annual report.

BY MR. ST. LAURENT:

Q. Those are the actual expenditures? A. Those are the actual expenditures.

Q. We shall endeavour to correlate the figures and get what information may be required for the purpose. A. I imagine, Mr. St. Laurent, in fact, it is certain that Mr. Macnamara's figures must be an estimate if he went

into 1937. Our figures, of course, are not yet available.

Q. They were the payments made up to April 30, 1937, for accounts relating to the period up to March 31, 1937. All these payments, are, of course, made under the control of the Relief Commission, are they not? A. Well, I do not know that that is true. They are made by the city, The basis upon which the payments are to be made is fixed by the city. There is no control actually outside of our own auditing department, but of course the figures, after the payments have been made, are subsequently reviewed from time to time by the departmental auditors, and sometimes we have items charged back to us.

Q. Yes. I shall just have to leave that for the moment, and try and get the reconciliation in other ways. Then on page 5, in the last paragraph but one, the amount of \$3,415,000 for social services includes \$2,042,000 for unemployment relief. That is not only the relief for the year 1936, is it not, but it also includes \$400,000 odd for interest and sinking fund on the amounts borrowed for relief the previous year? A. Yes, \$438,189, representing the debt charges upon such part as has been funded, and debentures issued for the purpose, together with interest.

Q. So that in the calculations, where \$2,042,000 is used as a basis, it is not the basis for one year's service, but it is the whole expenditure for 1936, plus \$438,000 on account of the expenditure of the other years? A. Yes.

Q. Now I understood you yesterday, Mr. Honeyman, to say that the city of Winnipeg through careful administration had built up its municipal position to a very satisfactory degree up to 1930. A. We think so.

Q. And it is also true, is it not, that the capital position at the present time, also compares most favourably

with any other large city in Canada? A. Reasonably so, I think.

Q. I have seen statistical tables giving the net debt per capita at \$44? A. That is correct, if you do not include sundry items; but actually the net per capita debt in our city is \$54.77, including the schools.

Q. Would that include the floating debt or is it just the funded debt? A. No, that is just funded debt. In addition we have \$49 per capita which is charged against land, representing the indebtedness of the Greater Winnipeg Water District.

In addition to that we have \$30 per capita to fund our floating debt, which is now being carried by the Bank of Montreal, making a total of \$133.77 as our per capita debt.

Q. The proportion of the Greater Winnipeg Water District is charged against you, including land in the city of Winnipeg. It is not a debt of the municipal corporation?

A. That is just our portion.

Q. And that is, of course, for a very valuable public utility? A. Yes.

Q. Have you looked at the net per capita debt of other large Canadian cities? A. Yes, from time to time.

Q. Montreal, for instance, with over \$250? A. Well they have quit disclosing the facts in Montreal, so I don't know.

Q. Here I have statistics put out by one of the banking houses, Wood Gundy and Company, Limited, where it appears that the net per capita debt of Montreal is \$272, Quebec \$261, Victoria \$222, Toronto \$110, Halifax \$146, and Ottawa just under \$100, or \$98. Winnipeg is the only

other city with a net per capita debt of under \$100.

A. That is true, but, of course, the figures I have given you are not included there.

Q. No, no, but the like figures would not be included in making up the per capita net debt of the other municipalities. Similar figures for the other cities would not be included in making up their net per capita debt? A. I do not think they have any similar figures anywhere else.

Q. There are cities where they have self-supporting public utilities? A. Yes, but the point I am making is that the Greater Winnipeg Water District is not self-supporting. The water does not pay its way, and a large proportion of the cost of the Water District is against land, and makes up a charge of \$49 per capita as it now stands against the people of Winnipeg.

Q. That is the interest and sinking fund that is raised to provide for the ultimate retirement of the debt? A. No, that is the amount of the debt, \$49 per capita outstanding after subtracting sinking fund.

Q. After subtracting sinking fund? A. Yes.

Q. And that is represented by bonds maturing at what time?

A. Up to 1986, I think.

Q. And the amount it represents is shown on page 23 (a) as \$720,972? A. That is the interest.

Q. No, that is the annual charge, is it not? A. That is the interest charge, Mr. St. Laurent, and the Greater Winnipeg Water District takes care of that without paying the sinking fund allocation out of the water users' fund.

Q. Will you just turn to page 24. The revenues for 1936 were, if I understand it correctly, \$10,418,000? A. Yes.

Q. And the expenditures totalling \$12,232,000, of which \$2,049 was for current relief account and the portion

of the funded relief account that is included, \$438,189?

A. That is correct.

Q. So that regardless of relief there would have been a surplus difference between the revenues and the expenditures of \$228,000? A. That much loss.

Q. No, that is surplus. A. No, you are mistaken. It is the other way. That is where the accounting department differs. We lost \$200,000 odd on operations last year.

Q. That is included in the expenditure of \$438,000 for relief account? A. That is true.

Q. But if you take out everything connected with relief, there would be a surplus balance of \$228,000? A. Yes, that is correct.

Q. Did you state what is the amount due on tax arrears?

A. Well, it is stated in the brief as over \$12,000,000.

Q. Something over \$12,000,000? A. Yes.

Q. Something over one year's total revenues? A. Yes, The most alarming feature perhaps is that \$55,000,000 of assessment, or over 25 per cent of the assessable value of the city, was one year in arrears.

Q. I suppose you have given some attention to municipal statistics from other localities and have seen that that is not by any means an unusual condition at the present time? A. Well, I cannot remember them at the moment. I could not say, but I would expect a similar situation elsewhere.

Q. You would expect a similar situation? A. Yes, because I think it is generally conceded that real estate throughout Canada is bearing too big a burden, and the rest of the big cities in Canada have that same experience, if one may judge by the meetings of the Union of Municipalities.

Q. And the real difference, if there is a difference,

between the Winnipeg situation and that of other large cities is in the current position? A. I could not say about that.

Q. You could not say about that? A. No.

Q. Well, the difficulty in Winnipeg is in connection with the current position, is it not? A. That is our major difficulty.

MR. ST. LAURENT: Thank you, sir. The brief of the city of Winnipeg will be Exhibit 19.

EXHIBIT NO. 19: Brief of the city of Winnipeg.

COMMISSIONER MacKAY: Mr. Honeyman, can you give us any estimate of the amount of tax-exempt property in Winnipeg?

ALDERMAN HONEYMAN: That is given at the bottom of page 32 of the Annual Report of the Commissioner of Finance.

Referring to the question of tax arrears, which Mr. St. Laurent brought up just now, Mr. Brown, the deputy-treasurer, draws my attention to the fact that in the city of Toronto, the arrears are \$8,000,000 as against our \$12,000,000 and they have an annual levy of \$32,000,000 as against our \$9,000,000. So that they have 25 per cent of one year's taxes outstanding as arrears, against our 133 per cent.

THE CHAIRMAN: On page 32 of the annual report there is an item of \$5,755.007, provincial government land and buildings exempt. That includes all government buildings, as well as the telephone service, does it?

ALDERMAN HONEYMAN: Yes.

THE CHAIRMAN: And have you that broken down? What proportion of that represents government business or public utilities?

ALDERMAN HONEYMAN: No, we have not got that broken down anywhere, but we could get it for you.

THE CHAIRMAN: You stressed in your brief that government business should not be exempt from municipal taxation, and I was wondering how much that represented?

ALDERMAN HONEYMAN: The amount of the annual taxes that we would get are shown in the brief proper as \$66,000.

THE CHAIRMAN: \$66,000?

ALDERMAN HONEYMAN: Yes.

THE CHAIRMAN: I notice an item of \$4,367,000 for Dominion government land and buildings. Does that include soldier settlement? Would it include any Dominion government utilities, or is that wholly Dominion government public buildings?

ALDERMAN HONEYMAN: They are all public buildings that are not classed as utilities, unless you call the Post Office an utility.

THE CHAIRMAN: No, I mean a recognized public building for carrying on the government service as distinct from operating some business enterprise in which the government is engaged.

ALDERMAN HONEYMAN: I do not think there is any business enterprise in which the federal government engages.

REPRESENTATIONS BY MUNICIPALITIES

Statement by the Chairman

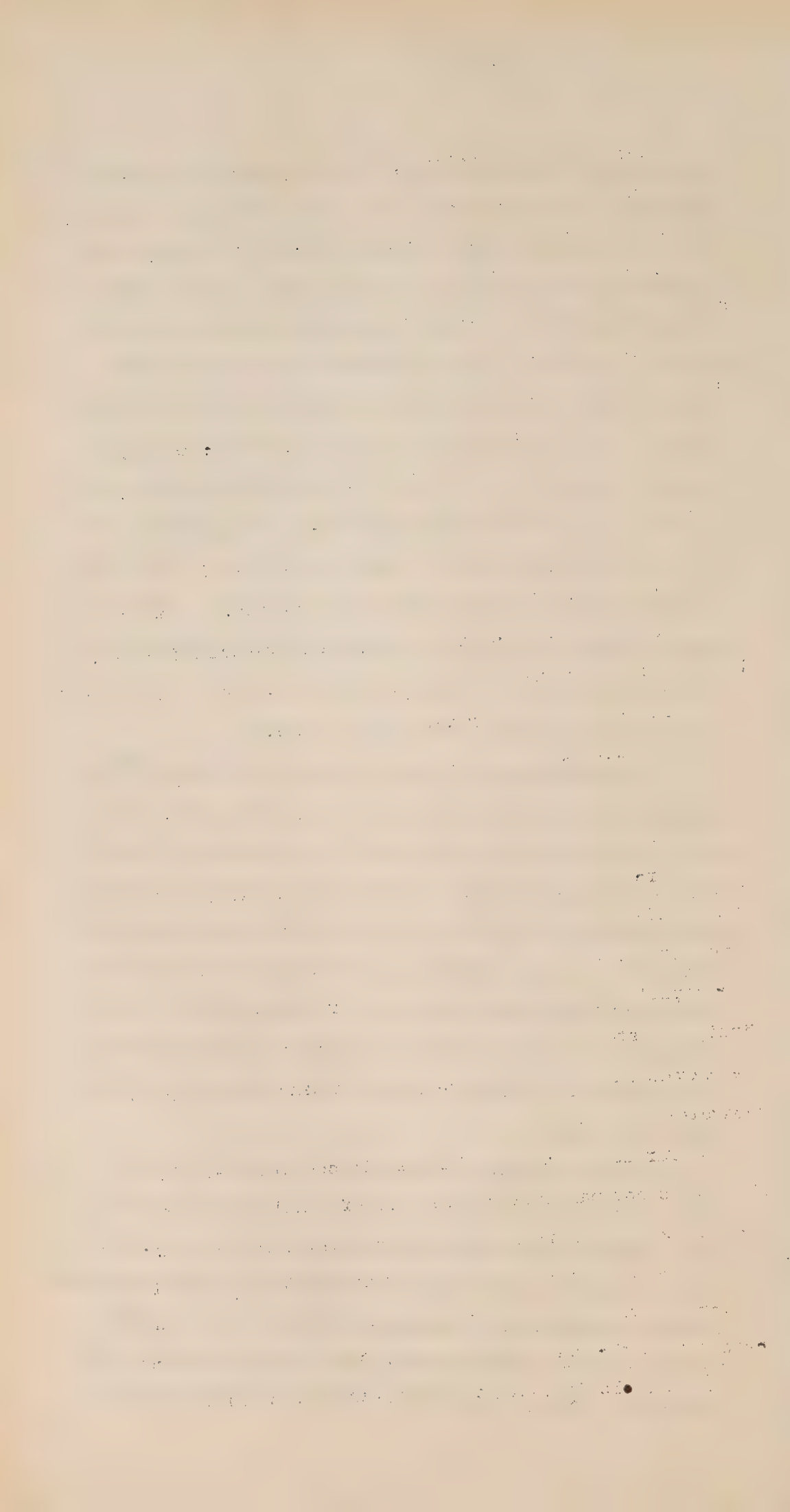
THE CHAIRMAN: I wish to thank the City of Winnipeg for the manner in which you, Alderman Honeyman, and Mr. Preudhomme have presented the brief so clearly and consisely ; but for the sake of making the position perfectly clear, not in relation to this particular city, but in relation to other municipalities throughout the country, may I restate the position of the Commission in reference to questions affecting the municipalities.

When the Commission first met, they gave very careful consideration to the municipal situation and decided,

and announced their decision, that they must look upon the municipal governments as a part of the provincial organization. The province has a certain field of jurisdiction; the Dominion has a field of jurisdiction; and the Commission was appointed to study the relations of the Dominion and the provinces. It is necessary that we should know about the municipal situation as a part of the provincial picture; but it is still part of that picture because the province has seen fit to divide its jurisdiction and assign a portion of it to the municipalities. The province can add to that jurisdiction; it can take from it; it can add to those burdens; it can reduce those burdens. That is wholly a matter between the province and the municipality. I am not speaking with any particular reference to Manitoba. It is true of all the provinces of Canada.

We therefore decided that in view of the fact/^{that} the municipalities constituted part of the provincial organization for carrying on the work of government, we should hear any representations or statements of facts respecting municipalities as part of the provincial case, unless the government of any particular province should request us to hear a particular municipality. We have heard the city of Winnipeg yesterday and to-day, because we understood that the provincial government desired that Winnipeg should be separately heard.

So far as the brief submitted is concerned--and I state this not particularly because of Winnipeg but for the purpose of clarifying the general situation, because we are receiving requests from a number of municipalities in every province for hearings--I think it is very important that the public should know the position that the Commission feels it must take. So far as the brief you

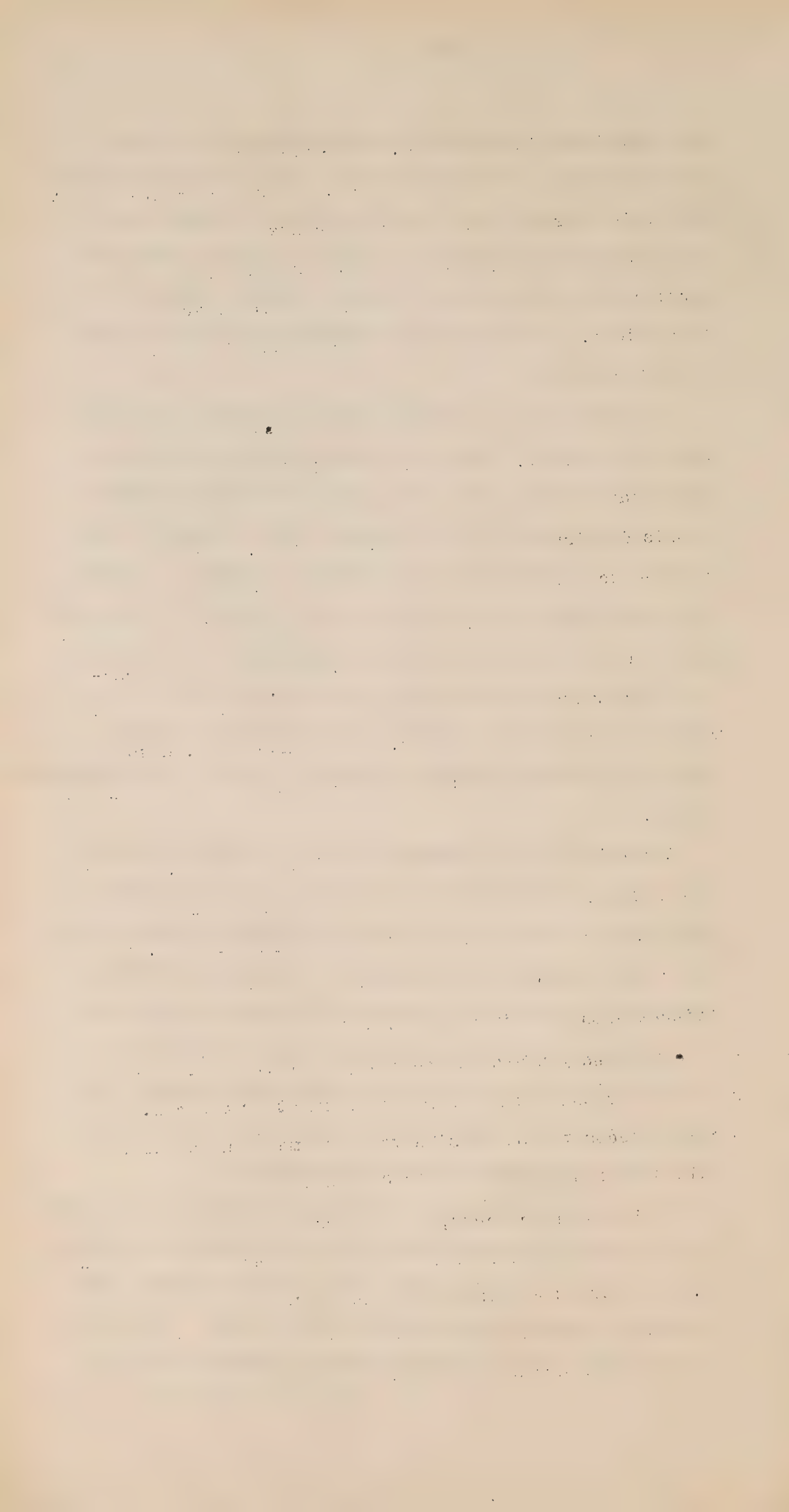


have submitted is concerned, three aspects of it come within the scope of our reference. First you contend that the Dominion should take over the costs of unemployment relief and old age pensions. That is clearly within the terms of our reference, and it is a proper matter for us to consider. It supports the contention of the province in that respect.

Secondly you contend that the tax burden on real estate is too great, that it is inequitable, and that you should have relief. That also falls within the compass of this Commission for two reasons; first, because we are required to investigate the question of taxation, whether it is equitable or not, and secondly, because it represents part of the provincial picture in reference to the taxation sources from which revenues may be derived for provincial or municipal purposes. It is therefore, also within our compass because it presents a part of the provincial picture.

And thirdly, the general financial situation, so far as it affects your ability to carry on your municipal services, is a part of the whole provincial picture, and to that extent supports the provincial contention that the provinces should be in a position to relieve you of some of the burdens you are now carrying; but in order to do so it claims that it needs relief from other sources. In these respects the submission you have made falls clearly within the competence of this Commission.

But in other respects, in matters relating to problems arising between the municipality and the provincial government, those are subjects into which we cannot enter. The Commission was not appointed for that purpose. The duties imposed upon us are so onerous and so extensive that we



cannot enter upon a field beyond that committed to us. We appreciate and sympathize with you in your position, but where questions arise between the province and any municipality within it, these problems must be settled by good will and cooperation between the province and the municipality. We cannot undertake to pass upon those matters.

I thought it desirable, not specially because of your case, but solely because it is the first municipal case, that we should make the position of the Commission quite clear in order to prevent undue expectations being aroused or undue disappointment being created.

We thank you for the manner in which you have presented the case for the city.

REPRESENTATIONS BY

THE RURAL MUNICIPALITY OF ST. JAMES.

RONALD HOOPER, Reeve of the Rural Municipality of St. James, was called and examined.

THE CHAIRMAN: You are the reeve of the municipality of St. James, Mr. Hooper, and you have associated with you, Mr. R. J. Weatherall, Secretary-treasurer, and Mr. J. S. Hanna, Solicitor?

MR. HOOPER: Yes, sir.

Mr. Chairman, and Gentlemen, the financial position of the suburban municipalities in these difficult times is made more difficult than that of parent cities by reason of the fact that we are limited in raising revenue purely to the land, and to taxation on the homes of the people. We have no business that we can tax to make up for the increasing financial demands that are made upon us. The Municipality of St. James is the largest of the suburban municipalities surrounding Greater Winnipeg. We have a population of about 14,000 people, and I think our position is pretty much of that of all the other suburbs, excepting that perhaps it

differs in degree.

On page 1 of our brief we give certain statistical information which summarizes our position pretty clearly. We have a population of 13,500 odd, and a total bonded debt, including past due interest, of \$4,904,000 odd. In 1937, this year, our total taxable assessment is \$3,970,000 odd; so that our total bonded debt is one and one-third times our total taxable assessment.

We have been trying, like several of the suburbs of Greater Winnipeg, to meet the situation by increased taxation. This year our taxation on land alone amounts to 90½ mills. I could give you the details of that, sir, if you wish to know how that 90½ mills is made up. Our per capita debt amounts to \$354.83. Our nominal revenue deficit to date amounts to \$1,345,000 odd and our operating deficit for the year 1936, if full interest were levied for, amounts to \$260,900 odd.

St. James is purely a residential or what is called a dormitory municipality. That is, our people sleep in the municipality, but they work and do most of their buying in the city of Winnipeg. The majority of our people are wage earners working in the city of Winnipeg, as mechanics, labourers, clerks, salesmen and so forth, and 60 per cent of our people are homeowners. The average tax they pay on their homes is somewhere between sixty and eighty dollars per annum. I shall not take time to give you a historical summary of the municipality, but I should like to read a paragraph at the bottom of page 2, which shows the attempts that have been made to deal with our financial situation:

"In the year 1924, due mainly to financial difficulties of the suburbs, the provincial government appointed a Select Committee of the

"legislature to investigate suburban municipalities, including St. James. This committee reported in March 1925, and recommended that this municipality and certain others be placed under the Winnipeg Suburban Municipal Board. This board functioned from May 1925, to December 1927, (when the municipality was again placed under a Council), and negotiated a settlement with the bondholders, extending the time for payment of the debt for 30 years and fixing a uniform interest rate of $5\frac{1}{2}$ per cent per annum. Under the terms of the settlement, the bondholders appointed a supervisor, who still holds office and has control of all expenditures. Notwithstanding this control, deficits occurred annually and it might be pointed out that since the inception of the municipality expenditures have been made directly under the successive supervision of the Municipal Commissioner, Winnipeg Suburban Municipal Board, Supervisor for the Bondholders and Municipal and Public Utility Board."

At the present moment the Supervisor for the Bondholders signs all cheques and approves all estimates. He supervises all that passes between the Commissioner and the Municipality, but the Public Utility Board acts as arbitrator. I wish to emphasize that because under this type of supervision, it may fairly be stated that no expenditures are now being made, or have been made for the last ten years in the suburban municipalities of Greater Winnipeg which are not absolutely necessary. In spite of that fact, the settlement effected in 1927 was only lived up to for three years, because it was absolutely impossible to live up to

it.

On page four of the brief we give details showing how our debt was accumulated, but that is more or less a local question, and unless you have any questions to ask, I shall pass on.

On the bottom of page four , I should like to emphasize the debt that was incurred by the municipality by an unwarranted extension of local improvements:

"Debt For Unwarranted Extension Of Local Improvements.--Between the years 1912 and 1919, a period of unwarranted optimism, large areas of the municipality were subdivided by real estate agents and local improvements extended throughout outlying areas. After the incorporation of the municipality it was found that these subdivisions were unwarranted and that the lands were reverting to the municipality through tax sale on account of high taxation caused through the levies for local improvements. Of recent years, the municipality has adopted the policy of cancelling the plans forming these subdivisions. It is estimated that the municipality will suffer a loss of \$750,000.00 in connection with local improvements extended into areas not served."

We are perhaps no more to blame than any other municipality in the west. The whole west was crazy in those days.

THE CHAIRMAN: I am glad you have the courage to say so.

MR. HOOPER: Then in the middle of page five of the brief I should like to quote this paragraph:

"Inadequacy of Present Taxation to Meet School And General Expenditures.--By far the largest individual annual expenditure of St. James

"is for education."

I wish to particularly emphasize the school expenditure because that is one of our most serious problems. I quote again:

"Expenditures for 1935 for administration and instruction only amounted to \$117,670.00, or approximately 29 per cent of the municipality's total revenue for the year."

This being, as I said, a dormitory municipality, the residents working in Winnipeg and doing most of their shopping there, we have few commercial establishments, and so less than ten per cent of this burden of expenditures falls on commercial properties, as compared with over 60 per cent in Winnipeg. That means that when suburban residents buy in Winnipeg, they are helping to pay the Winnipeg school tax, and in addition they have to pay their own at home. I quote again:

"The average cost per pupil in St. James in 1935 was \$49.50, as compared with \$87.98 in Winnipeg. It will be seen, therefore, that there is very little possibility of any further reduction in school costs if St. James is to maintain the minimum standard of education, as required by the Provincial Department."

It will be apparent that when Winnipeg spends nearly \$88 as the average cost per pupil, a suburban municipality like St. James cannot drop below \$50 without suffering.

I quote again from the brief:

A further troublesome burden of municipal taxation has been created by the 'Unemployment Relief Act' and also by the provincial government placing on municipalities generally the responsibility for hospitalization, medical servi-

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"ces, child welfare, old age pensions, etc., the effect of which, from the economic point of view, is to place chiefly upon land the whole burden of municipal contributions for social services. The municipality's share of expenditures and contributions for social services for the year 1936, amounted to \$103,034.00, which is a levy of 26 mills, or approximately 39.5 per cent of the total tax levy for the year."

And we still have the limited taxing powers that we had when the municipality was set up years ago.

I quote again:

"The average house-holder in St. James pays between \$60.00 and \$80.00 per year taxes, whereas the services rendered to each home cost approximately \$101.00, made up as follows:

Education	\$44.00
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And that amount cannot be reduced for as I have pointed out Winnipeg, just across the border, spends twice as much. Then:

Social Services	\$28.00
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Municipal Services (Protection of Persons and Property, Health, Public Works Maintenance, Administration, Etc.)	\$29.00
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The question will arise in people's minds how we can possibly carry on under such conditions, but we have been carrying on because we have not been paying any interest or sinking fund, and our deficits have been made up very largely through our Housing scheme, and local improvement levies have been used for current revenues in stead of to pay off the debentures. There is also an occasional sale of land, all of which, of course, ought to be applied on

the capital debt, but that it has been absolutely impossible to do. I quote again from page six of the brief:

"Loss of Taxes From Reduced Assessments.--

In 1921 when the municipality was incorporated, the total land assessment amounted to \$6,481,279.00. In 1937, sixteen years later, the assessment on land had been reduced to \$877,580.00, or only one eighth of what it was sixteen years previous, due to the land reverting to the municipality through taxes, which in turn was due to the heavy taxation on our land, made necessary by these services. The municipality now owns approximately 66 per cent of its total area. The Council would like to point out that the equalized assessment made by the provinces is slightly lower than the municipal assessment. A comparison of taxation of all cities, towns and municipalities in the province is set out for the year 1931 (the last published figures) on page 12 of a report issued by the Manitoba Tax Commission. We quote the following illuminating figures therefrom:

Table showing taxes levied to the nearest cent
per \$1,000.00 of Equalized Assessment.

Brandon	\$ 46.47
St. Boniface	\$ 65.69
Winnipeg	\$ 35.71
Kildonan-East	\$ 87.96
St. James	\$133.10

In St. Vital which is a large suburban residential municipality it is \$72.18 twice that of Winnipeg. In St. James, which is almost entirely a dormitory municipality, it is \$133, or four times that of Winnipeg.

"It will be seen from these examples that taxation in St. James is very much in excess of the others. It should be noted that St. James had the highest taxation per \$1,000.00 in the province. The average for the entire province was \$35.35."

In St. James it is \$133.10; that is based on the equalized assessment.

I would like to point out at this stage that we are not requesting further or other means of raising revenue, but we are of the opinion that unless the heavy burden of taxation is taken off the land, the law of diminishing returns will be accelerated. That is demonstrated by the fact that the municipality now owns fifty-six per cent of the assessed value of taxable land, as against only 14 per cent in 1927, and I am informed that next year we are going to have another big chunk, which will mean that we will probably have 64 per cent next year.

I quote next from the lower part of page seven:

Summary

"By reason of reduced assessments and loss suffered by the municipality through the housing scheme, unwarranted extension of local improvements, etc., the municipality now finds itself with a bonded debt of \$4,904,622.00--

There is a typographical error in the brief; it should read \$4,904,622.00:

"This is totally unsupported by adequate assets, the total deficiency being estimated at \$2,102,000.00."

THE CHAIRMAN: How do you arrive at that \$2,000,000 odd? I notice that the figure you gave us of the ~~total bonded~~

debt, including \$1,000,000 of past due interest is \$4,900,000. There is a difference of about \$1,000,000.

MR. HOOPER: Roughly we owe that much more than our assessment. We perhaps could elaborate on these figures.

THE CHAIRMAN: You have a nominal revenue deficit of \$2,300,000. Should that be added to the bonded debt?

MR. HOOPER: That should be added to make up that \$2,000,000 odd. I continue at the bottom of page seven:

"This amount is being increased yearly by an annual operating deficit of approximately \$250,000.00."

St. James has temporarily met this impossible situation by not paying interest. We should pay \$207,000 annually in interest, and we are not paying anything. We should pay in the sinking fund \$50,000 annually, according to the settlement made in 1927. Now for the recommendations, on page 8 of the brief:

"The council therefore respectfully recommends:

- (1) That the debt of the municipality be adjusted in order that the municipality may carry on the necessary services and balance its annual budget. The settlement should be substantial and of a permanent nature."

Because the municipality, indeed all suburban municipalities, suffers in reputation so long as its debt remains suspended in the way it is. Everybody admits that we cannot pay our way so long as that debt remains hanging in the air, and our credit suffers in consequence, and people do not want to come and live in our municipality. Then Recommendation Number 2:

- (2) That a metropolitan school district be formed to include the City of Winnipeg and suburban

"municipalities (as recommended in the report of the select committee of the legislature of the province of Manitoba, presented March 13th, 1925), or, in the alternative, that grants for school purposes to the municipality be materially increased by the provincial and/or Dominion government.

- (3) That the cost of Social Services, such as unemployment relief, health, hospitalization, old age pensions and child welfare be taken over by the province and/or the Dominion government."

May I just refer to the fact that this costs us 39.5 per cent of our total tax levy. Then Recommendation No. 4:

- (4) That the cost of constructing and maintaining the through highway known as Portage Avenue, extending three and a half miles through St. James (which is a part of the Trans-Canada Highway) be taken over by the province and Dominion. At present the highway is totally inadequate for the heavy traffic and will require a larger capital expenditure in the very near future, which should be borne by the province and Dominion and not by the municipality."

I should like to make it clear that we do not want to be unreasonable. We are maintaining enough of that road to serve our own population, but we believe that the province and the Dominion should contribute to the cost for inter-provincial and Trans-Canada traffic.

THE CHAIRMAN: If the road is bad enough, they may have to.

MR. HOOPER: Quite so.

Then Recommendation Number 5:

"(5) That the municipality be permitted to share in a portion of the gasoline tax and motor licenses. It has been the experience of the municipality during the last few years that the cost of maintaining the roads has been increased tremendously, owing to heavy motor vehicle traffic."

Now I come to the Conclusions:

"In conclusion, the Council submits that the advancement of the municipality, since its inception, has been deterred by reason of the unstable financial position, as prospective home-owners and purchasers of land hesitate to purchase, due to the uncertainty of future taxation. The curtailment of essential services has, in the past, caused a number of the most desirable ratepayers to leave the municipality and seek residence in the City or adjoining suburbs, and in this connection it should be borne in mind that a suburban municipality is on a competitive basis with others and therefore compelled to maintain a reasonable standard of services if it is to continue to function."

If we were to cut out certain essential services, such as garbage collection, the police force, and service of that kind, our people would immediately move into the city of Winnipeg, so we must maintain these services. I might add that our police force is more costly by reason of the fact that we are adjacent to Winnipeg. I am not suggesting that all the criminals come from Winnipeg, but it does add to our troubles.

THE CHAIRMAN: Do you think that Winnipeg draws the criminals in and distributes them among the surrounding municipalities?

MR. HOOPER: I do not suggest that they all come from
Winnipeg.

(Page 980 follows)

In fact, we are making the same plea to you as Winnipeg made yesterday with respect to criminals from other parts of the province.

May I quote from the brief in conclusion:

" The influx of residents from rural parts of the province, who are mainly renters, should also be considered, who, after acquiring residence qualifications, frequently become a burden to the municipality for relief and other social services."

Many people come to the municipalities from the country for education and hospitalization.

" This conclusion is substantiated by the fact that relief and other social services in rural Manitoba are a comparatively minor problem, while in a suburban municipality they are one of the major reasons for high taxation.

It is therefore respectfully submitted, from the above facts, that it is essential, so far as suburban municipalities are concerned, that immediate relief be granted."

THE CHAIRMAN: In reference to your debt problem, which you discuss on page 8 of the brief, have you endeavoured to negotiate a settlement with your debenture holders? I understand that, with respect to municipal affairs, there is provincial legislation that provides for such negotiations.

MR. HOPER: Yes, my lord. This week we hope to meet the bondholders, though I am only expressing my own view in what I say in regard to this matter. The machinery set up at the present time is not altogether satisfactory. The Municipal and Public Utility Board

has called us together with the bondholders and asked the municipalities to submit a proposal looking towards a settlement. They have also requested the bondholders to submit one. The bondholders, of course, do not agree; that is only natural.

The question that troubles me is this: what is going to happen if we cannot come to an agreement? As I understand it the Municipal and Public Utility Board have no power to force a settlement, though they make a recommendation. It would be a matter of agreement between the two parties concerned, but the Board has no power to force a recommendation; and my understanding is that if a small minority of bondholders objected, nothing could be done.

Moreover, I understand that it is necessary to obtain the consent, if there is to be any settlement, of 52 per cent of the bondholders, and they are scattered all over the world.

It is going to cost us, I believe, \$10,000 to get even an expression of opinion from the bondholders. That figure may of course be higher, but that is what I have been given to understand. So that if the municipality and the bondholders do not come to a complete agreement, which is almost too much to expect, I cannot see that there is any local machinery set up to force a settlement and wipe off the situation.

It is to our advantage, of course, to have the matter settled, because people are naturally chary about buying land and building homes in a municipality which is in such a condition.

THE CHAIRMAN: If you havenot paid interest on your debentures for a number of years, the debenture holders

will naturally be very anxious to reach an understanding whereby some settlement might be arrived at which would enable them to get something.

MR. HOOPER: Yes, my lord; I believe they are somewhat more reasonable than they were some time ago. They are much more reasonable than they were a few years ago, I admit, but they are asking us to do something which it is physically impossible for us to do. I am quite aware, of course, that this is only my own opinion. The Municipal and Public Utility Board of the province might effect a reasonable adjustment between the two of us and might make a proposal that would not be unreasonable. But the problem is this, that the Municipal and Public Utility Board have no power to enforce any recommendation they may make. There might be interminable delays in getting an expression of opinion from the bondholders, because, as I say, they are scattered all over the world.

THE CHAIRMAN: I cannot imagine any legislation being passed, providing for an adjustment of municipal indebtedness, that would not also provide that the bondholders should have an opportunity of expressing their views upon the question. As I pointed out earlier, when Mr. Mather was presenting the brief on behalf of the municipalities, I think there is a possible weakness in our machinery for dealing with municipal indebtedness where the municipality is admittedly insolvent. Under certain conditions there should be power to prevent a recalcitrant minority from blocking a settlement which otherwise might be considered, by a responsible court passing upon the matter, to be a just and reasonable

settlement. But I should not think that you had reached that stage. Apparently you have not reached the stage where the municipal board has passed upon the matter at all.

MR. HOOPER: Not yet, sir.

THE CHAIRMAN: It seems to me, then, that it is too soon for us to pass any opinion upon it.

COMMISSIONER ANGUS: Is it possible to discuss the question thoroughly with the bondholders while applications of this sort are outstanding? After all, it might affect the paying power of the municipality.

MR. HOOPER: Yes. We have been ready to discuss the question with the bondholders for the last three years, but they have not been particularly anxious and we have not done it. Of course, we have not been paying interest and we were not worrying, because the next move was up to them. It is our belief that this week we shall be called into consultation, and there is every hope that the Municipal and Public Utility Board will act as arbitrator between us and we may come to a satisfactory settlement.

I recognize, Mr. Chairman, the difficulty that you point out. I admit that it would not be altogether fair to deal in any arbitrary fashion with other people's bonds, but at the same time it does present difficulties. As I have pointed out, there will be considerable delay in getting the opinion of the bondholders. We had that experience in 1925. On that occasion it took us two years and the municipality had to go on suffering, its credit being impaired during that two-year period. And that will happen again.

THE CHAIRMAN: In the meantime, of course, you are not paying interest, and the bondholders are the ones

that are suffering. Indirectly, no doubt, you are suffering by reason of impaired credit, but they are the ones who are suffering more immediately; and I cannot see how we could make any recommendation. We certainly cannot make any specific recommendation. When we come to consider our report we shall have to deal with the question whether there should be any and, if so, what legislation, and which government has the power to enact such legislation as might provide for dealing with insolvent municipalities.

MR. HOOPER: I quite realize that, Mr. Chairman, I see the force of what you have said.

THE CHAIRMAN: Another matter which I should like to draw to your attention is your representation in respect to additional grants for school purposes. You suggest that these grants should be by the province or the dominion. So far as relates to the province, it is wholly a matter between yourselves and the provincial government.

MR. HOOPER: I recognize that.

THE CHAIRMAN: We have nothing to say about it, and it would be holding out entirely false hopes if anything were said here which would lead the municipalities to believe that the Dominion Government might make grants for school purposes. That has always been recognized as a matter of provincial legislation. The province has not asked for any grant from the Dominion for school purposes save in connection with technical education, and this Commission, in dealing with the matter, will not go beyond the province's requests. Their requests are considerable enough as it is.

The other matters which you have discussed apart from the social services, on which I have already expressed an opinion in dealing with the representations

of the city of Winnipeg, are questions entirely between you and the province. We sympathize, as everyone must, with the unfortunate financial position in which you find yourselves. Undoubtedly, it must prevent you from getting new residents, for people will not move in where there is such a high tax rate. Obviously therefore you are under grave disabilities. We hope that you will find some solution, through provincial machinery and through the province, which will enable you to start again on a sounder basis and carry on successfully.

MR. HOOPER: May I say something, sir, in connection with hospitalization. That, I recognize, is a provincial question. But as regards unemployment relief, is there no hope that the Dominion Government may assume that responsibility?

THE CHAIRMAN: You were here when I spoke in reference to the brief submitted by the city of Winnipeg. I pointed out that the question of unemployment relief and old age pensions, which they have suggested should be taken over as Dominion services and responsibilities, was a matter within the competence of the Commission and would receive due consideration.

MR. HOOPER: Thank you, sir.

MR. ST. LAURENT: A copy of the statement submitted by Mr. Hooper will be filed as Exhibit No. 21.

EXHIBIT NO. 21. Brief submitted by Municipality of St. James.

THE CHAIRMAN: The next brief to be submitted, I understand, is from the rural municipality of East Kildonan.

MR. ST. LAURENT: I understand that Mr. J. F. Campbell, the Solicitor for that municipality, is there,

and is prepared to go on.

RURAL MUNICIPALITY OF EAST KILDONAN.

MR. J.F.CAMPBELL: As a suburban municipality, East Kildonan is faced with difficulties similar to those that are to be found in all other municipalities around. While we do not like to compare our municipality with St. James, nevertheless our difficulties are considerable, and they arise from the same causes as do the difficulties that confront St. James; the difference is merely one of degree. Our brief sets forth the origin of the municipality:

" The following, together with the information as prepared for the Winnipeg Suburban Municipal Association attached, is respectfully submitted to the Rowell Commission by the Council of the Rural Municipality of East Kildonan.

The Rural Municipality of East Kildonan was incorporated to take effect January 1st, 1925.

It is located to the North of that portion of the city of Winnipeg which lies to the east side of the Red River.

Until the year 1914 the present municipality was a part of the Municipality of Kildonan which took in the area now included by the Municipalities of West Kildonan and Old Kildonan on the west side of the Red River, and East Kildonan and North Kildonan on the east side of the Red River. In the year 1914 a division was made and the area west of the river became the Municipality of West Kildonan. Out of the latter area, by a further division effective January 1st, 1925, were created the present Municipalities of North and East Kildonan.

" The area of the Municipality of East Kildonan is 2,071 acres, and the occupied portion of such area is very largely residential, with a population as at December 31st, 1936, of 8,568. The area, occupied for business purposes is a very small fraction of the total area. The unoccupied area consists largely of acreage or subdivisions which came into existence in pre-war days in anticipation of such development being required for residential purposes. The acreage is to a small extent used for gardening or dairying purposes.

The Municipality of East Kildonan is faced with the problems which are common to all suburban Municipalities on account of present-day conditions; but is chiefly concerned with the following facts as materially affecting its financial standing:

1. Reduced assessment
2. Schools
3. Relief
4. Local improvements
5. Housing scheme
6. Debenture debt.

REDUCED ASSESSMENT.

As the burden of taxation increased, so also did the rate at which the non-revenue bearing property reverted to the municipality, until at the present time about 70% of the total area of 2,071 acres, or 1,450 acres, representing approximately 30% of the assessed value, is owned by the municipality."

THE CHAIRMAN: I thought we had reached the limit when we came to St. James, but you have a higher percentage.

MR. CAMPBELL: To resume:

" Owing to the proximity of the city of Winnipeg it is not possible for local storekeepers to successfully compete with the departmental and chain stores there. The earnings of municipal residents are spent almost entirely in the city of Winnipeg, and this prevents the growth of a business area within the municipality which would provide a source of revenue within the municipality without at the same time creating a liability for school purposes. In the city of Winnipeg the assessment of properties used for business purposes provides approximately 60 per cent of the total amount received from taxation, while in the municipality the percentage from this source is approximately only 4 per cent."

Following Alderman Honeyman's argument yesterday, in tracing elusive revenues to their source and trying to claim for Winnipeg revenues now going elsewhere, I submit that on his own argument he would probably be willing to have the city contribute to East Kildonan a share of the revenue derived from departmental stores, where the majority of our wage earners spend most of their money. However, we have not been able to receive any from that source.

SCHOOLS.

" The residents of the Municipality of East Kildonan are chiefly of a labouring and small wage-earning class. They necessarily live in small homes, of a low assessment value, so that the per capita cost of education exceeds by a

"great deal the revenue obtained by taxation for school purposes on such homes.

The revenue obtained from such homes in many cases greatly exceeds the ability of the taxpayer to pay on a basis of his income. The per capita cost of education over the period of the past eight years has been \$47.34. This cost of maintaining the present standard of education in this municipality requires over one-third of the total levy for all purposes. Our earliest difficulties in financing our municipality arose from paying 100 per cent of the school levy as provided by the School Act when each year we were collecting a smaller percentage of our total levy."

Even in times preceding the depression there was that difficulty to some extent, and naturally it is now becoming more aggravated from year to year.

THE CHAIRMAN: I notice that that is stressed in all these briefs, but no one has yet suggested how the matter should be dealt with. No alternative has been proposed.

MR. CAMPBELL: Well, the salaries of teachers have to be paid. There has not been any close link between the municipal councils and the school board. The council has been collecting the money under the Act and is supposed to pay 100% of school levies to the schools, whether the money has been collected or not. In other words, the school boards are a spending body and they have not in the past worried themselves very much as to the source of the levy which is made for them.

THE CHAIRMAN: I assume that most people would admit that, generally speaking, it is not a desirable principle to have one body collecting funds and another body spending them. Granting that, is there any better method of dealing with the school situation than that which prevails not only in this province but in many others, where the school board administers the schools but has nothing to do with either the assessment or the collection of taxes? It sends in its demands, and if the council and the school board can agree on the amount the

council has to levy what the school board asks.

MR. CAMPBELL: Without having previously gone into the question in great detail with respect to the levies, I do not think there is any doubt that if one body were responsible for the collection and disbursement of moneys it would put the responsibility on the body spending to spend those moneys when they were collected.

THE CHAIRMAN: That would mean the abolition of the school boards and the putting of the schools under the Municipal Council.

MR. CAMPBELL: That is approximately what it would mean.

THE CHAIRMAN: Is that the view that you put forward?

MR. CAMPBELL: Some such policy. It might be difficult to work it out, but it is a desirable situation to make the collection body responsible for spending the money. I do not think that any body should be put in the position where it has to pay 100% of the levy notwithstanding that it may not collect two-thirds of that amount. It may not collect two-thirds and yet it has to pay 100%.

I come now to the question of relief:

"

RELIEF

In a period of depression such as the one through which we have been passing the last few years and from which apparently we have not yet emerged, if figures as to the requirements for relief purposes are any indication, a district occupied largely by a labouring or small wage-earning class is the most severely affected.

However, living on a minimum allowance in an

"area supplied by sewer, water and electric light is eminently preferable to living in a municipality strictly rural. This fact, coupled with a greater possibility of employment in the Winnipeg Industrial area, results in families continually drifting in from outside municipalities. Some manage to maintain themselves for one year, thereby creating residence in the municipality and then go on relief. In other cases, where it is necessary for them to go on relief before establishing residence of one year, they are properly a charge of the municipality from which they came. However, owing to the increased cost of maintaining a family on relief in a suburban municipality as compared to a rural municipality, the rural municipality invariably refuses to pay such relief, and requests that the family be returned, but the present act has no provision for compelling such a family to return, and the suburban municipality continues to carry the burden.

The cost of relief services in which the government does not participate has very greatly increased during recent years. In addition the proposed agreement between His Majesty the King in the Right of the Dominion of Canada, and His Majesty the King in the Right of the Province of Manitoba, will substantially increase the cost of social relief to the municipality by increasing the number to be classed as unemployables.

The cost of relief to the municipality in 1932 was \$28,419.84. In 1935 it had increased to

"\$60,954.92 and in 1936 was reduced to \$49,935.51, such reduction being due to increased government participation."

We have a great many cases of people coming in from the outlying municipalities into East Kildonan. They simply drift in, and sometimes they maintain themselves for a year in East Kildonan before going on relief, thereby acquiring residence, and the municipality is responsible for them. In other cases, almost immediately upon coming in they go on relief. Ordinarily, the rural municipality whence they came should be responsible for their maintenance, but owing to the larger cost of maintaining a family in a suburban municipality the rural municipality asks that they be returned.

It may be that we can get relief at the next Session of the Provincial Legislature by means of an amendment to the Act which would enable us to get rid of these families. As it is, they prefer to live in a suburban municipality. Transportation is provided for them, but they will not go back.

THE CHAIRMAN: Under existing legislation, if an unemployed person comes from a rural municipality to your municipality you are entitled to collect the amount of relief from the rural municipality.

MR. CAMPBELL: The Act provides for collection of it, but the rural municipality invariably says, "We do not want to pay East Kildonan for maintaining any family; send them back and we will maintain them here." The Act provides, as I say, for transportation, but these people refuse to go. They prefer to live in a suburban municipality with sewer, water, electric light and so on. There is also the added inducement in the possibility of

their obtaining work in the Winnipeg industrial area.

Under our Act, as Mr. Pitblado points out to me, where a person remains in the municipality for one year without going on relief he acquires residence and that municipality is liable. If in East Kildonan a person who has come from an outlying municipality is not able to remain off relief for one year, that outlying municipality is supposed to pay for his maintenance. But they object to that on account of the increased cost; and yet we have no way of disposing of these people except by starving them out. So far as the father of a family is concerned, that might be a good idea, but it is not satisfactory from the standpoint of the children.

THE CHAIRMAN: That argument is one that should have more weight with the Arrorney General of the province within whose jurisdiction it may come, than it can have with this Commission because we have no jurisdiction to deal with that matter.

MR. CAMPBELL: In submitting this brief, Mr. Chairman, we are presenting all our difficulties, and we realize that some of the difficulties we point out may lie within the jurisdiction of the province. Nevertheless they are substantial difficulties.

THE CHAIRMAN: We quite appreciate that fact.

MR. CAMPBELL: I come now to the question of local improvements:

" In the pre-war period before the inauguration of a town planning scheme, the haphazard division for building purposes of outlying areas where lots were available at low prices, resulted in the municipality having to provide sewer and water services at great cost, owing to the necessity of carrying trunk sewers and water mains through

"districts where there were few or no dwellings. Some districts so serviced by sewer and water have a large percentage of vacant lots for which title has reverted to the municipality through tax sales.

The cost of such local improvements was levied for repayment by frontage and district rate over a period of twenty years. Less than a third of this period had elapsed, when land served by such improvements commenced and has continued to revert to the municipality and the frontage tax on such land cannot be levied for in the general rate, it having already reached the limit of 30 mills as permitted by the Act."

The next question dealt with has reference to the housing scheme:

" The total debenture debt for this purpose was originally \$332,135.00. This was loaned on first mortgages at amounts up to 70% of estimated cost of building and assessed value of land, and the loans were repayable in 80 quarterly instalments amortized over twenty years.

Owing to the cost of building being at its peak in the year 1920 and 1931, when these loans were granted, the value of land and buildings depreciated at a greater rate than repayment of principal, even where payments were being made in full.

As these loans were made primarily for the small wage-earning class, the depression, and the Debt Adjustment Act have made it impossible for the municipality to keep up to date its payments to the provincial government. As at August 1st,

"1937, there was owing to the provincial government according to the original arrangement with them, approximately \$70,000, in principal. Should the government insist eventually on settlement in full of these moneys, there is, on the present standing of these loans, a potential loss of \$50,000."

The next point the brief deals with is the debenture debt:

" Of the general debenture debt of \$130,712.54, \$23,053.00 was incurred in connection with the construction of pavement on Henderson Highway which was directly an unemployment relief project. The Henderson Highway has since become a subsidiary highway to the Trans-Canada Highway.

In a similar manner, of the Local Improvement Debenture debt of \$476,677.31 the sum of \$20,182.82 was for unemployment relief projects.

The Rural Municipality of East Kildonan in presenting this brief, respectfully recommends:

1. That the municipality be relieved of a major portion of the cost of education. The creation of a metropolitan school district to include Winnipeg and suburbs, with adequate government assistance, might be a first step towards this end."

I noticed, in the City's report yesterday, that they were recommending that approximately 50% of the cost of education be assumed by the governments.

THE CHAIRMAN: By the provincial government.

MR. CAMPBELL: That is not putting it on any definite basis. The matter of buildings and maintenance should strictly be a municipal matter; but we feel that there

would be much greater relief in respect of all other costs in connection with education. In connection with buildings, necessarily we try to follow the city of Winnipeg as far as possible, and where we have large schools--one school of 16 rooms -- it is not possible to erect a building except at substantial cost.

THE CHAIRMAN: I am sure the Attorney General is making a note of these suggestions.

MR. CAMPBELL: He happens to have lived there and he knows quite well all the difficulties we have to face. Continuing with the brief:

" 2. That an adjustment be made of the municipal debt in so far as it has been related to unemployment relief, and the balance be re-financed at a rate of interest commensurate with the ability to pay, and to enable the municipality to balance its budget."

Municipal councils have had an impossible task in balancing their budgets. They may work as efficiently as possible, and yet there is no chance of their being able to balance their budgets. They are limited in many ways. They are limited to 30 mills as a general rate, and they have charges that have to be paid out of the general levy, which were not anticipated years ago. It is therefore impossible for them to balance their budgets with their present liabilities.

To continue:

" 3. That the Henderson Highway be made a part of the Trans-Canada Highway and the municipality be relieved of all charges created through its construction and maintenance.

4. That the cost of social services, including unemployment relief, old age pensions, child

"welfare, hospitalization, health and public welfare charges generally be taken over by the provincial or Dominion Government.

5. That the suburban municipalities generally being unable to balance their budgets, it is the opinion of this municipality that relief should come directly from the government by easing the burden of taxation on real property, rather than by extending the municipal field of taxation.

With these recommendations this brief is submitted to the Rowell Commission in the hope that relief may be afforded from the onerous burden of taxation affecting all suburban municipalities, and the rural municipality of East Kildonan in particular."

There may be methods whereby funds might be made available by widening the field of taxation, but we feel that these wider fields are government fields of taxation.

THE CHAIRMAN: You think that the relief of your burden is of more practical importance than the enlargement of the field of taxation?

MR. CAMPBELL: That is the situation. Now, Mr. Chairman, that is the brief, and if you would care to refer to them, we have added a number of figures for your information.

THE CHAIRMAN: I do not think it would materially help us to go through the figures at the present time. You have presented the situation very clearly, and our position with respect to your case must be the same as that which we have stated in reference to St. James. The aspects which I have mentioned are those which the

Commission must consider; the other matter is for the provincial government.

Are there any representatives here from the municipality of West Kildonan:?

MR. ST.LAURENT: We have not seen any representatives from West Kildonan this morning. There are no recommendations made in the brief that has been forwarded to the Secretary's office on behalf of West Kildonan. Possibly it is merely a statement of the municipal expenditure and an outline of the debt situation. Perhaps the statement might be filed as an exhibit, together with the other suburban municipalities' statements. The brief submitted by the municipality of East Kildonan will be exhibit No.22, and the statement of figures forwarded by West Kildonan will be filed as Exhibit No.23.

EXHIBIT No.22: Brief submitted by Municipality of East Kildonan.

EXHIBIT NO.23: Brief submitted by Municipality of West Kildonan.

THE SCHOOL DISTRICT OF WINNIPEG No.1.

THE CHAIRMAN: We will now hear from the school district of Winnipeg, No.1.

MR. ROBERT JACOB, K.C., (Representing School District of Winnipeg No.1.): My lord, and Members of the Commission, the brief that we have prepared for presentation to your Commission is probably, I am afraid, to a large extent outside the limitations that the Board has set for matters that come within their proper purview. However, generally speaking, the facts that we give you in the brief all show the difficulty in which the Board finds itself from the financial standpoint, and it sets out the reasons why we make the appeal we do

on the final page of the brief.

The brief is quite short and I will summarize some portions of it if you will permit me to read those paragraphs that are of the utmost importance to the Board in the circumstances that I have related.

THE CHAIRMAN: That is satisfactory.

MR. JACOB: The brief reads:

" Mr. Chairman and Members of the Royal Commission:

The Winnipeg Public School Board, responsible under the Public Schools' Act for the operation of the public schools of the city of Winnipeg, desires to supplement the presentation of the Winnipeg City Council by setting forth in some detail the increasing difficulty of maintaining adequate educational services in this community with the funds at present available;

The total revenue of the Winnipeg Public School Board for 1936 -- the last year for which complete figures can be obtained -- was \$3,220,714.44, made up as follows:

School Levy.....	\$2,989,500.00
Provincial Government Grants....	214,333.62
Other Sources(Fees, Rentals, etc.)	16,880.82

Total.....	<u>\$3,220,714.44</u>
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It will be seen from this statement that by far the largest proportion of this revenue, approximately 93%, comes from the Winnipeg City Council. This amount is secured by the City Council from a special levy for school purposes made on real property within the city.

During the past few years, there has been a

"marked decline in the assessed value of real property in Winnipeg. In 1931, for example, the real property assessment was \$237,407,000.00 and in 1937, \$194,612,000.00, a decrease during the period of \$42,795,000.00, or approximately 18%. The result has been that in order to provide the necessary revenue for schools each year, the City Council has been obliged to increase the mill rate for this purpose, notwithstanding many drastic economies in school expenditures. In 1931, for example, the levy for school purposes was \$3,216,000, the school tax being 13.54 mills on the dollar, and in 1937, to provide \$3,053,000, the school tax rate was 15.68 mills. That is to say, that while there was a reduction of \$163,000 in school revenues from this source, it was nevertheless necessary to increase the school tax rate by 2.14 mills. This situation is becoming more serious each year, a further reduction in assessments is anticipated for 1938 and unless school expenditures are greatly reduced, there will be a further increase in the mill rate for school purposes.

The City Council has judged that the maximum effective tax rate on real property in this city is 34.5 mills. Experience has shown that to raise the tax rate beyond this point does not result in increased revenue, because as the mill rate goes up, the difficulty of collecting taxes is increased, and the increased amount of uncollected taxes offsets any anticipated increase in revenue. It naturally follows,

"therefore, that if the total rate of taxation on real property is fixed by the operation of the law of diminishing returns, and the tax rate of schools continually increases, the mill rate for other civic expenditures must be continually decreased, and the City Council must either reduce its expenditure for purposes other than schools, or find other sources of revenue.

This situation is aggravated by the fact that there has also been a marked decrease in the revenue of the School Board from other sources than the tax on real property. In 1931 the Board secured in revenue from other sources, \$322,213.28, and in 1936, \$231,214.44, a decrease of \$90,998.84. The following table shows in detail the comparison between the two years:

	1931	1936	Decrease
From Provincial Government grants	\$237,183.10	\$214,333.62	\$22,849.48
Fees (Evening school, Non-resident, Vacation school, Grade 12)	27,227.65	13,289.82	13,937.83
Appropriation from Sinking Fund Surplus	50,000.00	nil	50,000.00
Sundry Other Sources	7,802.53	3,591.00	4,211.53
	<hr/>	<hr/>	<hr/>
	\$322,213.28	\$231,214.44	\$90,998.84

The Manitoba Public Schools Act requires that the City Council levy for and collect the amounts required by the School District monthly as collected. Prior to 1937, it has not been the practice of the Winnipeg City Council to pay over to the School District the proceeds of the

"school tax monthly as collected, but to withhold payment of the school levy until the first of February of the year following that for which the levy is made. The School District finances the schools for any given year by borrowing from its bank on the security of the levy to be received from the City Council on the first of February following. This matter of School Board finances has been the subject of frequent conference between representatives of the City Council and the School Board, but the Board has acquiesced in this arrangement so long as the full amount of any year's levy was paid on the first of February of the new year. In recent years, however, owing to the fact that taxes are not being collected in full, the City Council has not found it possible to live up to this arrangement. At the 31st of October of this year, for example, there is still owing to the School District \$554,332.60 on the 1936 school levy. The City Council has, however, made itself responsible for interest on these overdue amounts after the first of February of each year, and so long as the Board's Bank would continue to extend the Board's credit, no serious inconvenience resulted. In June, 1937, the Board's Bank refused to continue to finance the School District unless the provisions of the Act were strictly complied with or a guarantee could be given that balances of unpaid levies would be paid over to the Board on the first of February in accordance with the usual practice. In order to keep the schools open, the Board was forced to appeal to the City

"Council, and the City Council, having previously made their borrowing arrangements with their own Bank, and already carrying a very large overdraft were forced to make still further requests for credit to finance the schools for the year 1937. Up to date, the City Council has paid over to the School District amounts requisitioned for the months of June to October, inclusive, totalling \$1,335,000.00, which has been added to the City's overdraft with the Bank of Montreal. In addition the Board has an overdraft on 1937 account with its own bank of \$1,399,821.48, which must be paid, and the Board has still to pay for the operation of the schools for the months of November and December, 1937. The real crux of the situation lies in the fact that taxes are not being collected as levied and the sources of revenue at present available are not sufficient to maintain educational services in this city at their present standard.

This naturally leads one to the question "Are the citizens of Winnipeg attempting to provide too high a standard of educational services"? Statistics issued by the Citizens' Research Bureau of Canada give the following per capita expenditures for education in several cities in the Dominion for 1936.

Saskatoon.....	\$22.73
Regina.....	18.90
Toronto	18.79
London.....	17.85
Calgary.....	17.26

"Hamilton.....	\$16.05
Saint John, N.B.....	15.79
Windsor.....	14.90
Ottawa.....	14.62
Winnipeg.....	14.54
Victoria.....	13.48
Vancouver.....	13.18
Halifax.....	12.33
Montreal.....	10.09

These figures would indicate that expenditures for education in Winnipeg are not excessive if educational services comparable to those provided in other cities of the Dominion are to be maintained."

The next paragraph at the foot of page 3 and at the top of page 4 gives a table showing the distribution of the amount of revenue made by the district, setting out in headings the different services and the amounts expended.

Page 1010 follows.

Then, the balance of Page 4 and over on to page 5, down to the third paragraph, sets out the details of each of those items set out on page 4, showing how the monies are expended and to what purpose.

In the third paragraph on Page 5 we say:

"Not only is the Board confronted with the task of maintaining schools at the present standard, but the demands on the schools today require that in a modern education system, many other provisions should be made which up to the present have not been adequately included in the City's educational system.

Arising largely out of the present unemployment situation, and partly on account of the greater appreciation on the part of the public for a better standard of education for their children, there has been a tremendous increase during recent years in the number of pupils enrolled at the higher age levels. The Schools Act requires attendance to the age of 14, with a further requirement of attendance to the age of 16 if unemployed. The following table shows the increase in numbers of pupils of 15 years and over, from 5,930, in 1926 to 9,518 in 1936:

Age	Enrolment 1926	Enrolment 1936	Increase	%
15 years.....	2,082	3,857	975	33.83
16 years	1,702	3,142	1,440	84.61
17 years	937	1,718	781	83.35
18 years and over	409	801	392	95.84
	<u>5,930</u>	<u>9,518</u>	<u>3,588</u>	<u>60.50</u>

The increase in the number of pupils enrolled at these ages is all the more remarkable because during the ten years under review the school

population as a whole has not increased. Young people cannot find work, and therefore many of them remain in school. Notwithstanding this, the 1934 school census showed 4,526 young people of these ages in Winnipeg out of school, and of these only 1,018 were employed.

In studying this situation certain conclusions are forced upon us:

1. It is important that these young people should be either at school or at work, for nothing could be worse for them than the loss of morale and the unfitness for future employment and future citizenship that would result from a prolonged period of idleness.
2. If these young people can be kept in school they will be removed from the labor market with resulting relief to the unemployment situation.
3. They cannot be kept in school unless educational courses and methods are adjusted to make school life profitable to them.

Robert H. Hutchins, President of Chicago University, recently made the following public statement:

"In the past, if pupils did not do well they would sooner or later be dispensed with. They were absorbed by industry. Now they cannot be dispensed with. However unwilling or unable they are to learn, the school must continue to wrestle with them. There is nowhere else for them to go. We shall not be able to rid ourselves of them until industry is willing to take them."

"Admitting that we shall have to deal with the great bulk of the population up to eighteen, or even twenty, we shall have to have alternative

institutions and alternative programmes to which different students may resort in accordance with their different abilities. Instead of demanding that pupils adjust themselves to us, we shall have to adjust our institutions to them. We shall have to find the course of study in which the pupil can succeed."

"The pupils who remain in school, and many others who ought to be kept in schools because, as President Hutchins says, 'there is nowhere else for them to go,' are largely of the type which cannot profit by the traditional curriculum of the schools. Some are mentally unequal to the school programme, some are uninterested in it. Many present disciplinary problems of a serious nature. The Winnipeg School Board is fully aware of the difficulty of the problems offered by the presence in the schools of these young people and has been doing what is possible within the limit of its resources to meet these problems. Backward pupils in the Elementary Schools have been grouped in small classes and given special attention; a greater amount of practical work in manual training and home economics centres has been provided for some. In the Elementary Schools there are 36 of these opportunity classes enrolling 965 pupils. In the Junior High Schools 21 industrial classes have been formed, enrolling 627 pupils, while in the High Schools there are 9 industrial classes with 281 pupils.

There is a pressing need in Winnipeg for the early establishment of technical or trade schools in which young people of this type could be given a general education along lines suited to their

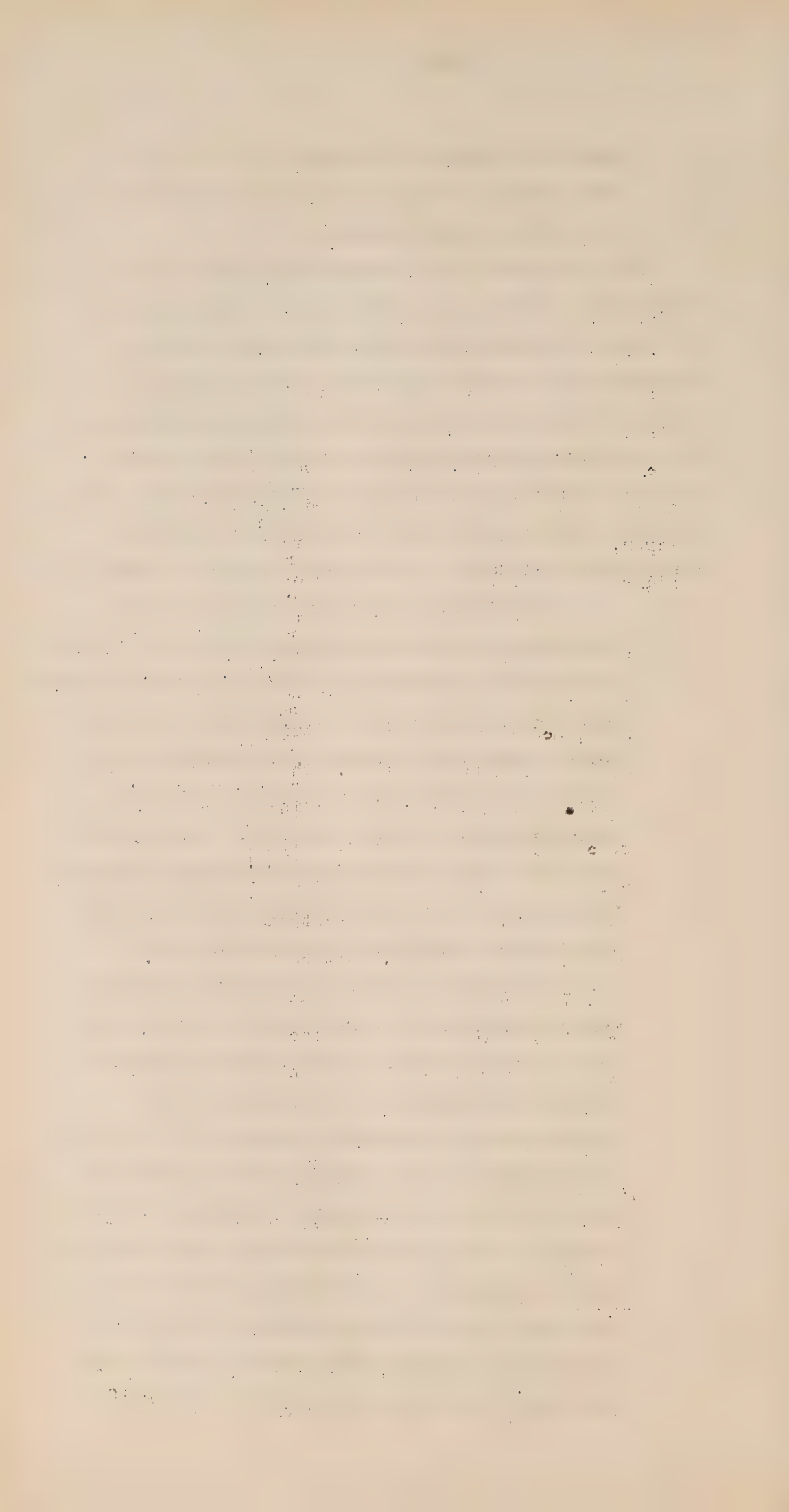
special abilities and interests, in which they could be trained for special occupations and kept in such training until definitely placed in employment. There is a demand, too, for technical and vocational education of a more advanced type for students of mental ability well up to or over the average for High School students. Many of these students have marked ability along practical lines and form the material for training in the highly skilled occupations of modern industry and commerce. Thousands of our young people are leaving High School every year after completing fully, or partially the academic courses offered. They cannot find employment and they have not received in their general education the special types of vocational training which would fit them for employment were it available. They need educational guidance to direct them to lines of study for which they are suited, vocational guidance to assist them in the selection of occupations in which they will have a good prospect of success, special training for their chosen vocations, and a placement service to assist them in finding employment. Nothing less than this will preserve these young people from wasted years of useless and idle living. It is surely a matter of national importance that such provision should be made. Repeatedly has the Dominion Government been approached with the request that funds for technical and vocational education be made available to this City and Province, without exacting the difficult condition that dollar for dollar should be provided locally. Some \$300,000 still available for Manitoba remains in the Federal

grant for technical education. It cannot be used because of the inability of the province to provide a similar grant."

The next clause, Mr. Chairman and members of the Commission, sets out the effort that is being made by the Board to provide for students who are mentally subnormal, and who have defective vision, defective hearing, defective speech and other physical handicaps. The following paragraph deals with what the board is doing in connection with medical and dental services to children, pointing out that these services should be considerably extended. At the top of page 8 we say:

"The Winnipeg School Board has 66 school buildings and sites costing \$10,326,284.93. These buildings are continually in need of repair, replacement, modernization and new buildings have to be erected from time to time. The following is a list of the most urgent building needs in the school system at the present time. These are in addition to the technical school already mentioned. These projects have been postponed from year to year because funds have not been available.

1. In a number of school buildings, educational work is handicapped by the fact that the schools are not fully adapted to the needs of a modern educational programme. For example, a well planned scheme of Physical Training requires in a climate such as this, that provision be made to carry on many of the Physical Training activities indoors. In the newer schools this need has been met by including in the building a large room which does double duty as a gymnasium and an auditorium. In many other schools, however, no such facilities have been provided. Specially



urgent cases are, the largest high school in the City, and a number of the large junior high schools.

2. While the general situation as regards the amount of school accommodation in Winnipeg is fairly satisfactory, there are some districts in which the school population shows a marked tendency to exceed the accommodation available. These districts are so remote from older sections of the City where accommodation is available, that transfer of young pupils is not possible. The situation is being met for the present by larger classes, and classes in corridors or in rooms not suitable for class-room purposes. These districts are built up with new homes in which young families are being raised so that the provision of additional school buildings cannot be much longer delayed.

3. Some years ago when building costs were unusually high, and the demands for school accommodation were very great, the Board authorized the building of certain bungalow schools of an inexpensive type of construction, with the view that they could be used temporarily until such time as they could be replaced by more substantial structures. One of these needs replacement immediately and another will probably not last many years longer. In both of these schools, new sections of modern construction have been built, and it is proposed as soon as possible to tear down the temporary sections and replace them by completing the section of modern construction.

I shall now go to the bottom of page 9, which gives a summary of what the proposed programme would include.

"To sum up, the complete programme would include the following:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| (1) The provision of badly needed auditorium gymnasium facilities in Junior High and High Schools | \$75,000 |
| (2) Erection of new school buildings in rapidly growing newer sections of the City remote from present accommodation | \$107,000 |
| (3) Replacement of temporary school sections by buildings of permanent construction in two centres | \$ 95,000 |
| (4) Modernization of heating and plumbing of 3 older schools in the interest of safety and health or replacement of these buildings by modern schools | \$150,000
\$553,000 |
| (5) Immediate repairs and improvements to a number of schools and grounds urgently needed | \$150,000 |
| Total cost of programme: | |
| (a) Adopting the plan of replacement rather than modernization in No. 4. | \$905,000 |
| (b) Adopting the plan of modernization rather than replacement in No. 4. | \$577,000 |

In view of the fact that the maintenance of even the present standard of educational services in Winnipeg is not possible with the resources at present available, and in view of the further fact that further expenditures for education are needed urgently in this City and Province, the Winnipeg Public School Board makes



an urgent appeal,

(1) For the assumption by the Dominion Government of greatly increased support for vocational or technical education without exacting the difficult condition of a dollar for dollar contribution by local governments.

(2) For the assumption by the Dominion Government of such other social services, particularly unemployment relief, as will relieve the Province of Manitoba and the City of Winnipeg, and thus enable them to continue and increase their support of Educational Services.

The stability of civilized society depends on the solidity of its foundations of which the school is the corner stone. The withdrawal or weakening of any of the foundation stones will threaten the whole structure. These are confused days when the sanest minds are feeling the strain of the changing habits of living, when bewilderment is giving way to despair for the future and when ideas dangerous to the welfare of the community are finding a fertile field in discontented minds. At this time as never before in the history of modern civilization it is vital that these pillars remain firm. The constructive forces of the community must be directed towards their preservation.

If the school is permitted or compelled to recede from the advanced position it has gained as an instrument for the betterment of society, its efforts to sustain standards of culture and of useful citizenship will be hampered, and the

integrity of the future state will be impaired.

Respectfully submitted,

For and on behalf of the
SCHOOL DISTRICT OF WINNIPEG NO. 1.

JESSIE MacLENNAN,
Chairman.
F. A. ALLDEN,
Secretary-Treasurer.

THE CHAIRMAN: You do not mention future salaries.
Does the cut still stand.

MR. JACOB: Yes, it still stands at 17 1/3 per cent.

THE CHAIRMAN: The request you make here makes no
provision for restoring that cut.

MR. JACOB: No.

THE CHAIRMAN: It has been suggested by the various
municipalities in their presentations that one of the
hardships from which they suffer is the necessity of
paying over to the schoolboard the full amount of the
school levy. Have you any comment to make on that?

MR. JACOB: I do not know that I have anything of
a very constructive nature. There is one thing I should
like to refer to, however. The municipalities are
unable to collect the taxes that the school board asks
them to levy. It is quite impossible for the city or
the municipality to pay that money over unless they
are still able to do what they have been doing in the
past, arrange a credit with their bank. At the present
time I might mention that there are negotiations taking
place between a committee of the school board and a
committee of the city council with a view to try to
arrive at a new basis of settlement so that the school
act may be perhaps amended along these lines at the
next session of the legislature. I am not sure what
progress has been made, but there is an effort being made

to try to iron out the difficulty that now exists.

THE CHAIRMAN: I presume you submit to council as a school levy the amount which you deem necessary to balance your budget, having economized in the way you mentioned by reducing salaries $17 \frac{1}{3}$ per cent and keeping other expenditures down as low as you can.

MR. JACOB: Yes, my Lord.

THE CHAIRMAN: Well, your brief certainly has emphasized the importance of the educational aspect of the municipality and the provincial situation in a very fair way. The suggestions you make are matters that fall within the competence of the Commission and every consideration will be given to them. We thank you for your presentation.

COMMISSIONER MacKAY: The first requisition you make is: "The assumption by the dominion government of greatly increased support for vocational or technical education without exacting a difficult condition of a dollar for dollar contribution by local governments." Have you any suggestions to make as to how the dominion might go about it. Would the dominion pay contributions directly to the municipality or directly to the school board, or how?

MR. JACOBS: Well, I presume that would have to be an arrangement that would be made in some way or other between the province and the dominion.

COMMISSIONER MacKAY: Continue paying its contributions to the province.

MR. JACOB: Yes, for the purpose of technical education.

COMMISSIONER MacKAY: That is all I have to ask.

MR. ST. LAURENT: The submission of the school district of Winnipeg No. 1 will be filed as exhibit No. 24.

EXHIBIT NO. 24: Submission of the
school district of
Winnipeg No. 1.

THE CHAIRMAN: The next brief before us is a brief submitted by the Manitoba School Trustees' Association.

MR. J.A. MARION was called and examined.

THE CHAIRMAN: Continue, Mr. Marion.

MR. MARION: Mr. Chairman, and Gentlemen of the Royal Commission, with your permission I beg leave to present memorandum concerning the financing of the public school system in Manitoba. This brief is presented by the Manitoba School Trustees' Association. I presume it will not be necessary for me to read it, because each member of the Commission has been provided with a copy. If you want me to read it I shall do so.

THE CHAIRMAN: Are there any particular parts to which you wish to draw attention; if there are, you may read them.

MR. MARION: In brief, Mr. Chairman, the present chief financial problems of the schools of Manitoba can therefore be summarized as follows:

"The system of financing the schools by requiring the bulk of the money to be raised by taxation on land

- (a) imposes a tax burden on land which the land is unable to bear.
- (b) causes great inequality in the amount required to be paid by different tax payers.

The remedy for both of these defects is to be found in the same source, viz. a greater share of the cost of education to be borne by the Province.

But though such a solution is easy to suggest it is not so simple to carry it into effect. While school costs and municipal costs have been increasing

Provincial costs have increased equally or to even a greater extent. The increase in cost of government by the Province will be placed before you in other memoranda and need not be quoted here.

Certain relevant and important features, however, should be borne in mind, notably,

1. Since the establishment of the Manitoba public school system in 1890 the Provincial Government has assumed, or has had imposed upon it, many obligations which were not contemplated to be functions of government when the Public School System was established, e.g. Highway Systems, Mothers' Allowances, Public Health Service, Unemployment and Direct Relief, and many other obligations too numerous to mention. The assumption of these additional obligations create financial burdens upon the tax payers of the whole province which seriously interfere with the ability of the province to discharge its full measure of financial responsibility to the cost of education as it could, and undoubtedly would do if relieved of these additional obligations.

2. The responsibility of maintaining the public school system must be and remain a responsibility of the Provincial government, not only because of the provisions of the British North America Act making education a provincial matter, but because, as we believe, it is the will of the people of the province that it should be so.

3. Certain of the responsibilities, which the Province has assumed and which have created financial obligations which prevent the Province from assuming the full measure of financial responsibility to the schools which the people would have it assume,

appear to be rather national than provincial in their scope and extent. Such responsibilities, in the opinion of this Association, should be assumed by the Dominion, and the Province should be freed from the financial burden they entail so as to allow the Province free scope to discharge its duty to the schools.

CONCLUSIONS.

The Manitoba School Trustees' Association, therefore, respectfully submits for your consideration the following conclusions.

1. The Public School System of Manitoba has grown to such an extent since its organization that its financing now constitutes one of the major problems of the Province.

2. The people of Manitoba are not willing that the schools should be allowed to deteriorate but the standard must continually be maintained and improved.

3. The present system of financing the public schools of Manitoba by raising the bulk of the money required by taxation on land results in

(a) increasing difficulty in raising the amount required to maintain the schools adequately.

(b) great inequality in the tax burden imposed for school purposes.

4. The remedy for both of these defects in the present system lies in having the Province assume a greater portion of the cost of the schools.

5. Since the organization of the Public School System many other obligations assumed by or imposed upon the Province, which were not considered to be functions of government when the Public

School System was organized, prevent the Province from assuming such a measure of financial responsibility to the Schools as would enable the school problem to be solved.

6. The policy, control and financing of schools, as between Dominion and Province, is, and must remain, a Provincial responsibility, but certain of the social services and kindred obligations (which, this Association is unwilling to specify) should be considered to be national obligations and the cost thereof assumed and paid by the Dominion, thereby leaving the Province freer scope to care for the needs of education.

All of which is respectfully submitted.

THE MANITOBA SCHOOL TRUSTEES' ASSOCIATION.

Now, Mr. Chairman, we have certain tables in this brief which indicate to you the growth of the school population and the cost of administering the schools. If you want me to give you some of the figures in this statement I am perfectly willing to do so.

THE CHAIRMAN: What page is that?

MR. MARION: Page 5, table 1.

THE CHAIRMAN: Thank you.

MR. MARION: Table II on page 7 shows the increase in the number of school districts, population, pupils enrolled and cost of schools; table III gives you the percentage.

THE CHAIRMAN: Give us some explanation of table III.

MR. MARION: Table III starts out with the year in which the Public Schools were organized. The Public School system was organized in Manitoba in 1890. We start out there with 100. In 1900 the population of the province had increased to 167, the pupils to 217 and the

cost of operation to 280.

THE CHAIRMAN: This table gives the percentage of increase.

MR. MARION: Percentage of increases, yes.

THE CHAIRMAN: Thank you, very much; it is now quite clear.

MR. MARION: In 1930 you will notice the cost of operation of schools had increased 2137 per cent; whereas in 1936 it had decreased to 1554 per cent.

THE CHAIRMAN: I suppose we shall hear a statement from the Manitoba Teachers Association with regard to that decrease. I suppose part of it was due to decreases in teachers' salaries.

MR. MARION: Decrease in salaries. We have not that in our brief.

MR. PITBLADO: A good deal of that amount was due to cutting salaries.

MR. MARION: Yes; I believe it amounts to over a million dollars. I had these figures at home at one time. I remember in one year I had to say something on it, and the figures amounted to something like nearly a million and a half. But there are four causes for that, I may tell you. First of all there are less children to educate. The school population has greatly decreased from 1930; secondly reduction of teachers salaries; thirdly default in payment of the interest and debentures and fourthly schools operating only eight months of the year in some places. These things have reduced the cost considerably.

THE CHAIRMAN: Thank you, Mr. Marion. Your brief sets forth very clearly the position of the rural schools, as the trustees see it. The recommendations you make are recommendations to the effect that the province should give you further assistance, and the dominion should make that possible by relieving the province of some of its

present burden. It comes within the competence of this Commission to consider the question of the province being relieved of some of its burden.

MR. MARION: Thank you, Mr. Chairman;

MR. ST. LAURENT: A copy of the brief will be filed as Exhibit 25:

EXHIBIT No. 25: Brief submitted
by Manitoba School
Trustees' Association.

THE CHAIRMAN: The next matter to be dealt with is the brief submitted by the Manitoba Teachers' Federation.

MISS FLORENCE LIPSITT and E.K. MARSHALL were called and examined.

THE CHAIRMAN: Whom are you representing, Miss Lipsett?

MISS LIPSETT: I am representing the Manitoba Teacher's Federation.

THE CHAIRMAN: And you, Mr. Marshall?

MR. MARSHALL: I am the general secretary.

MR. LIPSETT: Mr. Chairman, members of the Commission, I beg to present the brief of the Manitoba Teacher's Association. If it is your pleasure, Mr. Chairman, I shall read excerpts. Our brief is very brief. In this presentation we desire to draw attention to the situation in which this important public service finds itself. Secondly to state briefly some of the causes for this situation; thirdly, to outline former enquiries and investigations into the educational services embracing the profession itself, the administration, and the financing of the schools; and to suggest possible approaches to a solution of the problem.

We first outline the situation. Our system as provided for in the Public Schools Act of Manitoba is based on the principle that each school district is:

"(a) Self-supporting except in so far as its educational resources may be supplemented by:

- (1) Legislative Grants,
- (2) Municipal Grants, and
- (3) Special Grants; and

(b) Self-governing except in so far as its administrative authority may be controlled or directed by the Department of Education as provided for in the Public Schools Act and the Education Department Act.

In the early years of the Province it was assumed that each local school district would be able itself almost wholly unassisted by the Province to provide for the educational requirements of that time, and grants from the Provincial Treasury were very small. The original organization under stress of unforeseen developments has proved inadequate and has broken down. It has failed in a very large measure to give reasonable and equitable educational opportunities to large parts of our Province. Enquiry after enquiry, investigation after investigation lead to the same conclusion, namely, that 'our system is not adequate to meet the situation in the Province, that it is not capable of being adapted to it, nor of coping with present-day conditions.' "

On Page 2 we have attempted to outline some of the demands that modern education makes, and then we make first of all comparisons in figures showing the better equipped teachers, which indicates the response that has been made by the teachers in this province in spite of the demands made upon them. I shall not go through those

figures, but it is clearly manifest that the teachers of the province have responded loyally to the advancing educational standards and requirements of the time.

In view of this increased investment in training on the part of the Manitoba teachers themselves, it is illuminating to note the salaries being paid to the teachers of the Province, as shown in an analysis made by the Dominion Bureau of Statistics, as hereto appended.

THE CHAIRMAN: How far are the teachers from the first class certificates, in which class you now have 1401? Are most of these in the cities and towns? Or are any of the teachers holding first class certificates in the rural schools?

MISS LIPSETT: I have no figures on that. Mr. Marshall may be able to give you that information.

MR. MARSHALL: I might say, Mr. Chairman, even in our rural districts there are quite a number of first class certificates and even graduates.

MISS LIPSETT: The second demand that has decreased is the school library. These have been gradually reduced because the money has not been available. There has been some slight returns of funds from the province for that recently, but it is still far from adequate. The next demand we come to is health and allied services. These were outlined very clearly by the Murray Commission in 1924. The services that should have been set up for these have practically all been eliminated from our schools in the provinces.

THE CHAIRMAN: You mean the health services have been practically eliminated?

MISS LIPSETT: I believe so, outside the city of Winnipeg. Of course, I am really speaking more for the province than I am for Winnipeg. Outside the city of Winnipeg I understand they have been practically eliminated.

The fourth demand is an adequate school year. A ten months year, I believe, is the standard in Canada. This has diminished to eight or nine months and I believe as low as six in some of the sub-marginal areas. The fifth demand is, of course, vocational training. At present this training is in a large measure limited to Winnipeg. Outside of Winnipeg we have very little. Even our Winnipeg vocational training is far from adequate, as I am sure you have been told.

THE CHAIRMAN: That is a matter that is suggested the government should be concerned with. When you speak of vocational training do you mean the same as technical training?

MISS LIPSETT: Oh Yes.

THE CHAIRMAN: Or is it different?

MISS LIPSETT: No, technical education.

THE CHAIRMAN: Technical education?

MISS LIPSETT: Yes.

THE CHAIRMAN: What is the extent of services provided in Winnipeg?

MISS LIPSETT: Oh, it would be rather difficult for me to outline it exactly to you. They do give a measure of technical education; but I believe the need for an enlarged field there is very, very great. We have centres in several of our high schools, but really that is all. There is no technical high school at all in Winnipeg. I teach in one of these schools; but it is not a technical school; it has a technical department.

THE CHAIRMAN: Thank you.

MISS LIPSETT: I am reading from page 3, paragraph

3:

"To meet these demands, local support, almost sole basis of school taxation, has proved inad-

equate, and our people are looking more and more for Provincial aid. The Provincial Treasury is finding it increasingly difficult to fit into the general pattern of Provincial finance the additional school grants required to meet the expanding educational needs of our people. During the last two or three decades the Provincial Government has had to assume an ever-widening circle of Social Service responsibilities which in a modern state cannot be avoided."

That is the situation. The causes we have referred to on the lower part of Page 3 as follows:

"Parts of our Province, usually called marginal and sub-marginal areas, were unable, either by local or by municipal effort, to provide the opportunities for schooling demanded by modern standards and to which, as Canadians, the people were entitled. Even the more prosperous areas only with difficulty could provide by local and municipal effort the required facilities. In many areas local youth became victims of local crop conditions, because the basis for school support was so narrow.

The Provincial Government, in its grants to school districts, gives an average of approximately 14% of the cost. Many districts cannot possibly provide the remaining 86%; consequently school facilities, school supplies, school terms and teachers' salaries have been much reduced, and education has been unable to keep step with the advances of modern industry and modern business. It is true that by special grants the Government, seized with the importance of education, has endeavoured to cope with the problem; but the

requirements are still beyond its resources.

B. The present basis of taxation is quite inadequate. For the purposes of this brief we beg to refer to the reports mentioned hereinafter. At this point, may we state that the financial collapse of 1929-30 was not the cause of our difficulties in school financing. It merely aggravated the situation. For many years before that catastrophe, certain areas of our Province were already revealing the weaknesses of our system of school finance."

On page 4 we have attempted to outline some of the investigations and studies that have been carried on in the last seventeen or eighteen years. We refer to the report of a commission on the status and salaries of teachers, which was brought out in 1919. This commission recommended:

- (1) That for a second class teacher, the minimum salary should be \$1,050 per annum.

It is rather interesting to note, as outlined in the statistics of the Dominion Bureau of Statistics that there are fifteen teachers in the province receiving less than \$300. Of course, this was in 1919 and we were optimistic at that time. But at that there is a tremendous drop. The second recommendation of the Commission was:

- (2) That the Municipal grant to school districts should be increased.

In 1924 the Educational Commission, usually referred to as the Murray Commission, was appointed. In their main conclusion they emphasized the fact that under present conditions rural areas could not stand further taxation on land. I might say that although the Murray Commission brought in recommendations it was impossible to carry them out. Some of the recommendations are given in this brief. On page 5 we refer to the report on administration and financing of schools in 1930. They brought in several recommendations, as follows:

- (a) The system of financing and administration of the schools has not proven adequate to meet the conditions;
- (b) The principle of equalization of burden and opportunity has not been made practicable;
- (c) A greater degree of financial responsibility should be assumed by the Province; and
- (d) The province should seek elsewhere than real property to enlarge the funds at its disposal.
- (e) The Report recognized the increasing use of the income tax as being more equitable; and
- (f) It also mentioned the Corporation Tax as a possible source of additional revenue.

The report stated that a new scheme should be devised to bring to the children of the province the privileges which are rightfully theirs.

In February, 1933, a report on the Administration and Financing of Schools was made to the Annual Convention of Trustees by representatives of the Trustees, the Union of Municipalities, the Manitoba Teachers' Federation, the Department of Education, and the Manitoba Tax Commission.

This recommended three things:

- (1) That the Provincial Government assume responsibility for minimum instructional costs throughout the province;
- (2) That a body to be known as "The Provincial Board of Education" be created;
- (3) That larger units of administration be established.

As to sources of revenue the Report recommended;

- (a) From the Province, from the Consolidated Revenue, an amount sufficient to provide standard instructional costs in an equitable manner in all parts of the Province as established from time to time by the Provincial Board of Education.
- (b) A tax on real property comprising the School District:

- (1) To provide for building, equipment, care-taking, school supply and general maintenance costs; and
- (2) To provide the requirements for additional instructional costs, over and above that provided by the Provincial grant.

The report was not adopted by the Convention of the Manitoba School Trustees' Association. There was, however, general unanimity of opinion with respect to the need of greater financial assistance from the Province, the report being rejected solely on account of its recommendations with respect to administration."

In August, 1934, the Manitoba Teacher's Federation presented a statement to the Minister of Education in Manitoba, and in it said:

" 'Participation by the Provincial Government in the matter of grants should be considered in order to assure teachers, particularly in rural schools, adequate salaries', and it concurred in the proposals of the Report on the Administration and Financing of Schools, 1933, and recommended \$650.00 minimum salary per annum and the establishment of salary schedules for teachers."

In 1937, according to the report appended to this brief, the median salary is around \$500 and \$600 - not the minimum. The report appended herewith is from the Dominion Bureau of Statistics.

THE CHAIRMAN: What does a teacher have to pay for his board?

MISS LIPSETT: In the last two years, according to the federation analysis, the minimum board has been \$15.00 throughout the rural areas.

THE CHAIRMAN: A month?

MISS LIPSETT: A month. That is the average. The median in the two years that I made the analysis was \$15.00. I am referring to a statement appended herewith which is a report in connection with the median salary of \$650 and how it was arrived at. Then, on the last page but one it is referred to as the starting salary. According to the information contained on this page this is how the starting salary was arrived at:

Most firms require a Grade XI. A teacher may at present enter Normal with this standing.

If the student had gone into business he or she would have earned \$550

Cost of Normal School \$400

Investment past Grade XI \$950

The teacher's board is worked out to an average of \$160. in the different figures in arriving at the salary of \$650. as a possible minimum. The figures are far from that at the present moment.

I now return to page 6 where we state:

"In 1934-35 a Committee of the Legislature studied the same problem and brought in a report, but the Legislature failed to pass the Legislation necessary to carry out the recommendations of

its Committee.

All of these investigations, spread over many years and quite complete, point unmistakably to two conclusions, namely: That the Provincial Government must assume a larger share of educational costs, and that it must be relieved of some of its own financial burdens in order to do this."

I now come to the solution or two possible approaches to a solution of the problem:

"The financing of education today has become a problem far beyond the power of the local district, the Municipality or the Province itself adequately to solve. Education is specifically mentioned in the British North America Act as a Provincial responsibility, and when the Province finds it impossible adequately to cope with the matter, it becomes a problem of federal concern.

Some measure of responsibility in education is already recognized by the Federal Government, as witness the grants made for Agricultural Training and Technical Training and the Rehabilitation of Youth. Much of this, particularly in Technical Education, is on a parity basis. The Province can secure Federal assistance if it can provide dollar for dollar. The wealthier provinces have been able to avail themselves of this assistance. According to the 18th Report of the Technical Branch of the Department of Labour for the fiscal year ending March 31st., 1937, there is still available to Manitoba the sum of \$325,270.21. We have not been able to use all of our share of these funds because the Provincial Treasury could not afford to expend the money necessary to earn these federal

grants. We do not think these grants should be on a parity basis; rather, they should be on the basis of need.

The teachers, therefore, intimately associated with the system as they are, and acquainted with what is being attempted elsewhere, beg to suggest such changes in the financial relations of the Dominion Government and the Provincial Government as will permit to a greater degree than now obtains, Federal participation financially in education, or the assumption on the part of the Dominion of some services now being attempted by the Provincial Government, in order that Provincial funds may be released for educational services.

Respectfully submitted,

On behalf of:

THE MANITOBA TEACHERS' FEDERATION

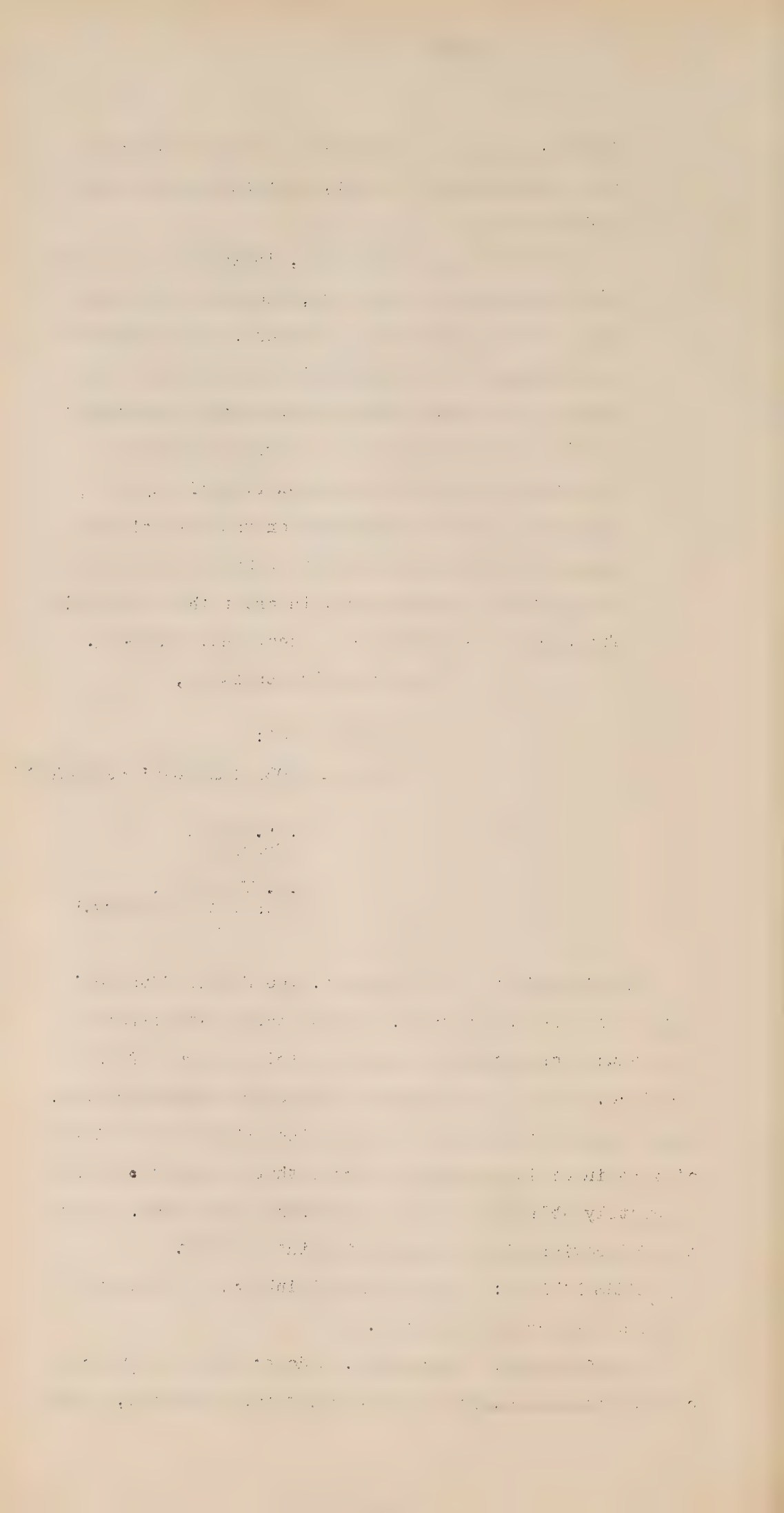
H. V. Bell,
President,

E.K. Marshall,
General Secretary."

THE CHAIRMAN: Miss Lipsett, the School Trustees' Association in their brief, put the case quite strongly that education should be under the sole control of the province, both as to financial grants and administration. Their suggestion was that the province should be relieved of certain of its burdens in order that it might be more adequately able to meet the educational situation. Does the Federation differ from that point of view?

MISS LIPSETT: No, I do not think so. I think we would be in accord with that.

THE CHAIRMAN: Personally, I do not see any chance of the dominion making direct grants for education, apart



from technical education. As matters now stand, insofar as one can see, the only method whereby a situation such as you have outlined may be improved would be by more adequate grants from the provinces.

MISS LIPSETT: Yes.

THE CHAIRMAN: That would improve the situation.

MISS LIPSETT: Yes. I believe we realize that direct participation by the Dominion is not likely. The province, of course, claims that the calls for other services are so great they cannot give us what we need. We realize our need, naturally.

THE CHAIRMAN: You have a schedule of salaries here?

MISS LIPSETT: Yes, the last appendix. These were recently received and were supplied by the Dominion Bureau of Statistics.

THE CHAIRMAN: I notice here the words "actual median". What is meant by that?

MISS LIPSETT: Well, sir, there is an even number above it and an even number below it. It is the middle salary of the group. It is not always the average salary. Median sometimes is the average, but not always. These are "male, female and total". They go back to 1936 and 1937.

THE CHAIRMAN: Can you tell me what the average salary is?

MR. MARSHALL: The average salary in the rural school?

THE CHAIRMAN: Yes.

MR. MARSHALL: The average salary in the one-room rural school is about \$495. or \$496. This year it is probably \$500.

THE CHAIRMAN: What about the larger schools.

MR. MARSHALL: In the larger schools, the two, three and four room schools in the villages it would probably

be \$625; and when you get to the larger ones it varies, whether they have high schools or not.

THE CHAIRMAN: How do the salaries run in the public schools in the city?

MR. MARSHALL: In the cities the salaries run very much the same as in other cities in Canada. Of course, this Winnipeg schedule is subject to a fairly heavy reduction as compared with Toronto.

MISS LIPSETT: In that connection the maximum elementary salary in Winnipeg is \$1800 less 17 1/3 per cent.

THE CHAIRMAN: The maximum? :

MISS LIPSETT: The maximum for an elementary teacher from Grade I to Grade VI.

THE CHAIRMAN: What do they start at?

MISS LIPSETT: It depends on the experience they go in with. One thousand dollars, I think is the present minimum if they have had sufficient experience before they go on the Winnipeg staff.

THE CHAIRMAN: What is the maximum and minimum of the high schools?

MISS LIPSETT: Men and women differ.

THE CHAIRMAN: Give me the men first and then the women.

MISS LIPSETT: For men it is \$3400. and for women it is \$2800. I am glad you have given me the opportunity to present it. It is something I do not agree with.

THE CHAIRMAN: I suppose the man has a family to support and the woman has not.

MISS LIPSETT: Yes but they do not all have. I happen to teach in a high school.

THE CHAIRMAN: Thank you for your presentation.

MR. MARSHALL: There is one point on behalf of the rural teachers to which I should like to draw your attention.

I refer to the last column on the schedule where you will see that there were ten teachers in this province getting less than \$400, 121 getting less than \$500. In the rural schools we find eleven getting less than \$300, 95 between \$300 and \$400, which gives you 106 getting less than \$400 a year. That is a very serious matter. Then, you have \$631 rural school teachers getting \$500 or less.

COMMISSIONER MacKAY: Do they pay their fees?

MR. MARSHALL: No. I received a letter this morning from a rural teacher, and this is what she states:

"Due to financial difficulties I have not been able to send in my fees."

The fee we ask these young people to pay is \$2.00. The letter goes on to state:

"I have been teaching in this district since August 23, and I have not received any part of my salary. I am finding it very difficult, since I have to pay \$6.00 for my room and I do light house keeping."

Here contract calls for \$35.00 a month and she has not got one cent up to the first of December. This is in more or less what we call a sub-marginal area.

MR. ST. LAURENT: A copy of the brief will be filed as exhibit 26.

EXHIBIT No. 26: Brief of Manitoba
Teacher's Federation.

The Commission adjourned at 1. p.m.

(Page 1045 follows)

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

SUBMISSION BY THE

BOARD OF GOVERNORS OF THE UNIVERSITY OF MANITOBA

HON. A. K. DYSART (Chairman of the Board of Governors, University of Manitoba) was called.

THE CHAIRMAN: You have prepared a brief, Mr. Dysart, on behalf of the University of Manitoba?

HON. MR. DYSART: Yes, Mr. Chairman, and I have with me the President, Mr. Smith, and Mr. Crawford, the Bursar and Secretary.

THE CHAIRMAN: We shall be very glad to hear you, Mr. Dysart.

HON. MR. DYSART: Mr. Chairman, and Members of the Commission. The status of the University of Manitoba before this Commission ought to be made clear at the outset. The management and control of the University is by provincial statute of 1936 vested in a Board of Governors, consisting of 14 members, 9 of whom are appointed by the government for periods of three years, in rotation, three are elected by the graduates, and two are ex-officio members, the President and the Chancellor. Subject to this board the academic matters of the University are entrusted to a Senate, selected by the staff of the University and affiliated colleges.

The revenues of the University are derived from three sources; first, the government grant, which in late years has been \$257,000 secondly, student fees, which run to nearly \$300,000; and thirdly, endowment revenue, amounting to about \$50,000.

The ultimate control of the University remains in the province. It is not a separate independent institution by reason of the province's right of appointment of the majority of the governors, and the annual grant, without which

the University could not function with completeness. In addition to that, the University is a part of the educational system of the province, and as such is necessarily under the control of the government. The University never had and cannot have any purpose or interest separate or apart from that of the government. The Board of Governors regard themselves, in coming here, as performing not only a duty in regard to higher education and to the public, but as acting for the government of the province in the discharge of its duty in respect to education.

THE CHAIRMAN: Is the University in all respects a government University in the same sense that Toronto University is in Ontario?

HON. MR. DYSART: Very much the same. Its revenue comes from the three sources I have mentioned. The endowment is not necessarily governmental, and the fees are not, but it is really a government institution and it is so called. Affiliated with the University are five denominational colleges and they are quite independent of the government.

Like other institutions during these last seven lean years, the University has had heavy financial restrictions imposed upon it, and while accepting this situation with all becoming grace, we have never ceased to urge for fuller financial assistance in order to carry out the full purposes of this organization.

In the matter of presenting this brief, when the province began its preparation, the University consulted the heads of departments and was asked to present a brief. Our thought then was to present one to the government and to have it included with the government brief as a part of the governments case. But on second thought, the government asked us to present our own brief, and that is why we are here. The

position of the government on that point is set out in Part VII of their brief, at pages 27 and 28, from which I will read, if you will bear with me a moment:

"The position of the University of Manitoba at the present time is one of approximately the same difficulty (as that of the public schools), due in part to depleted endowments and in part to the economic consequences of the depression. This problem has been in part solved by a series of drastic economies of much the same nature as those made effective in the schools, namely, reduction in salaries and restriction of services. The governmental grants have been decreased from \$501,000 in 1929-30 to \$257,000 in 1937-38. The government recognizes very definitely the difficulties of the University and that these are in effect the same as the difficulties in the rural schools, namely, the lack of sufficient financial support to meet its full responsibility as an educational institution. The government believes that its primary responsibility is for elementary education, but the needs of higher education must be considered. The requirements of the University will be set out in detail in a submission to be presented by its Board of Governors."

In compliance with the request of the provincial government which I have just read, the Board now submits its case on the requirements of the University, and in doing so, may I risk repetition by stating that we are doing it at the request and under the guidance and entirely with the consent of the province.

I shall not read the brief that has been submitted, but I shall summarize its features, which I take it is what you desire.

The University has five faculties, and five affiliated colleges meet with it. The teaching staff consists of 105 full-time members and 110 part-time instructors--a very large staff. The four-year average for full-time students is 2,575 and part-time about 2,000; so you see it ranks among the larger institutions.

The revenues are derived from the three sources I have mentioned. In recent years, before 1931-32, the scale of students' ^{fees} ~~was~~ very substantially increased, with the result that there was some falling off of students. The revenue from that source has remained almost stationary.

THE CHAIRMAN: What fee do you charge for students in Arts?

HON. MR. DYSART: \$115 is the basic fee. It was formerly only \$65. There are other incidentals which bring that up somewhat.

THE CHAIRMAN: I think the fees of nearly all Universities have gone up in the last two or three years. I know that Toronto University's fees have gone up quite remarkably.

HON. MR. DYSART: Yes. Ours have gone up sharply although the rate has not been increased in the last four or five years, three or four years, at any rate.

The brief sets out largely what our difficulties have been. There have been reductions in the government grant, which averaged in the four year period before and after 1932-33 over \$200,000 a year. We had made up some of that prior to that by increasing the students' fees; but we have lost substantially in endowments, of which you have no doubt heard. On the whole our revenues are substantially down, and our problem has been to meet and carry on with efficiency under those restrictions. We did it in three ways; By reducing salaries by a total of about 20 per cent,

saving \$100,000 there. Then we effected very rigid economies which saved a great deal; and lastly we had to curtail some services.

THE CHAIRMAN: What is the total amount lost in endowments?

HON. MR. DYSART: The claim we put in to the province was \$900,000 in round figures.

THE CHAIRMAN: How much of endowments have you left?

HON. MR. DYSART: We have left \$800,000. Some of it, of course, is not very richly lucrative in revenue, but our revenue is gradually increasing under it by the aid of very careful management in recent years.

The case, as I say, is well set out in the brief, and I might just quote from the last page, which gives a summary of the requirements of the University. In round figures \$100,000 is required to restore the salaries of the teaching staff and some others. The teaching staff of the University have borne with great fortitude the very sharp restrictions placed upon them, with great hope and trust that a brighter day was coming. Their loyalty and devotion under those circumstances was very admirable. But we realize that being human beings they may eventually weaken and become disheartened under it, and provision should be made for an early restoration of salaries, at least in substantial part. They are not well paid at best, if you compare their profession with other professions, and we have the additional difficulty here that other universities both east and west have restored very largely their salary reductions. To put it another way, their salaries are on a higher basis than ours, and we may have, if we have not already had to a great extent, increasing difficulty in keeping our staff up to standard because of the attractiveness of other places.

It may be said that the salaries of public school and rural school teachers have suffered correspondingly, and that is undoubtedly true, but it is easier to recruit the staffs of city and rural schools than the scientific staff of a university. We found we had to go to England this year for two men, after making a very careful canvass of the nearby region; but that ^{is} inherent in the position. Those who are expert are few and far between, and where they are attracted to other fields, by higher salaries, perhaps a better climate, and so forth, it makes it difficult for us. If we are to keep up the efficiency of the university, we should be able to restore salaries.

In addition to that item of \$100,000 which I have mentioned, there is an item of \$25,000 required yearly for libraries, laboratories, supplies and equipment. That is something we have had to let run down a bit in the last few years because of the lack of funds.

We also ask for \$25,000 for research work projects. We believe that the essential value of the University to the province as a whole lies in the research field. There are so many problems of the agriculturalist, cerealist, problems of the soil and of animals, and in other fields, that in order to play our part and give the service the province needs, we should have more money available for research.

There is another item of \$50,000 for increasing the staff. The staff is overworked, and assistant teachers, instructors and demonstrators, if you like, are very sadly lacking.

That is a summary of the requirements as set out in our brief.

In conclusion, I want to state and to repeat that the

University presents this submission at the request of the provincial government; and from what appears in the brief of the province in part VII, page 28, this submission of the University must be regarded as a supplement to the province's case. As suggested, we feel justified in asking the Commission to take into consideration the University's claim when considering the claim of the province, and if any sum of money should be recommended in aid of educational purposes, a proportional part thereof should be designated in some way for the use of the University. I make that statement. It is done with the consent of members of the government. I make it also because in the budget prepared in the government's brief, no provision was made for University assistance, and therefore, this is to be regarded as over and above that claim, but really as part of that claim, but so that it may not be misunderstood we would like, if it could be done, to be in some way designated. That is all I have to submit, Mr. Chairman, and thank you and the Members of the Commission.

THE CHAIRMAN: Might I ask two or three questions?

HON. MR. DYSART: Yes, sir.

THE CHAIRMAN: I notice that your request is for \$200,000 additional. If the government grant were restored to the 1930 figure, you would then have adequate financial support?

HON. MR. DYSART: Oh, yes, undoubtedly. That would be a complete answer.

THE CHAIRMAN: What is the relation of the University to the Agricultural College?

HON. MR. DYSART: Originally the Agricultural College was set up as a separate independent institution, managed by the government, but just about the time of the reorganiza-

tion four or five years ago it was made a faculty of the University. It is now the Faculty of Agriculture, one of the five faculties, and the University has moved the Senior division, and three or four other years of Science and Arts, and so forth, down to the site that was formerly occupied by the Agricultural College.

THE CHAIRMAN: Might I ask another question? All the three prairie provinces are in financial difficulties, and all are asking assistance. Is it possible that there might be closer cooperation between the three universities of the three prairie provinces, and thus reduce the total expenditure? You see, when we are considering the question of adding to the Dominion's contribution to the provinces, you have to satisfy the Dominion, I should think, that all reasonable economies were being practised before they would feel justified in making any grants.

HON. MR. DYSART: Yes.

THE CHAIRMAN: I do not know if it would be possible; I am just asking the question.

HON. MR. DYSART: We have canvassed that in some fields, and we have in mind to press it in some other fields. While it has not been done formally, it has been under consideration and suggestion. There was a time, when we brought the Agricultural College in as a faculty, when we seriously considered whether we could not have one Agricultural College for the two provinces, Manitoba and Saskatchewan, but it was not regarded as feasible at that time. I do not know what the future may hold. But in Medicine, for example, Saskatchewan gives the first two years, and we have the whole course; we might manage to combine that. On the other hand, it would mean enlarging our facilities; we would have to do that.

THE CHAIRMAN: What about Alberta? Have they a Medical faculty too?

HON. MR. DYSART: Yes, but it is rather far away, I imagine.

THE CHAIRMAN: How about engineering? How about the scientific branches which are so expensive to maintain and carry on. Apart from Medicine, what is the situation in the three Universities?

HON. MR. DYSART: That is a question that is very large, of course, but it is well worth considering. We have never thought of going very far in combining the science courses. Of course, each University now has its plant and equipment and set-up and it is very difficult sometimes to undo what might well have been done earlier.

THE CHAIRMAN: That is quite true. Yet science is advancing so rapidly and the necessity for new equipment is so constantly arising, that if the branches of science are to be taught adequately, they will need to be constant expenditures to maintain them in a high degree of efficiency. I am simply raising the question for consideration, whether in these three prairie provinces it might not be possible to effect some economy in University expenditure by some combination of the science faculties.

HON. MR. DYSART: Yes, I think that is well worth exploring, but I can foresee that it could not be done merely by the managing bodies of the universities. The governments themselves would have to be brought in.

THE CHAIRMAN: Quite so.

HON. MR. DYSART: And that brings in a very uncertain quantity. I mean that there are a lot of elements which a Board of Governors does not consider but which a government might consider.

THE CHAIRMAN: It would be an easy solution if you combined the three governments perhaps!

HON. MR. DYSART: That might help very materially. President Smith just reminds me that there was a conference a few years ago, of which he can give you some details if you wish it.

THE CHAIRMAN: Just before passing from that, you make one reference in the brief to a special grant for education. Apart from technical education I cannot see any hope myself of the Dominion government embarking on grants in aid of education in view of the fact that education is so peculiarly a matter for the provinces, and in view of the difference in the educational systems in the various provinces. I think the provinces, too, guard very jealously their own interests in that respect, so I doubt very much the possibility of any grant from the Dominion for education. It is, of course, quite proper to take the needs of the University and of the schools into account as part of the provincial case, as you have suggested, in considering the ability of the province to meet the obligations arising in the province and maintaining its educational system.

HON. MR. DYSART: Yes, I assume that the budget of \$1,000,000 is not expected to provide any grant for us, but it shows the needs of the province, and we can only link ourselves with that. We cannot go any further.

THE CHAIRMAN: Quite so, but I want to make this clear. It appears to me that provision for the schools and for the University is in the same category as representations relating to municipal institutions in that they ^{are} a part of the provincial set-up, and we cannot deal with problems that only come before us as part of the provincial picture. We shall be very glad to hear President Smith, of the University of Manitoba.

COMMISSIONER MacKAY: Before doing so, I should like to ask Mr. Dysart this question. You say on page 9 of your brief:

"If the federal government would support to a larger degree the National Research Council, that body in turn would be in a better position to facilitate research in the Canadian Universities. In agricultural research, the Dominion government has assisted the provinces."

Does the National Research Council assist research directly in the Universities, now?

HON. MR. DYSART: There is some assistance, but if you will permit me, I would rather have President Smith answer that, because he is more familiar with it than I am.

MR. SIDNEY E. SMITH (President, University of Manitoba):

Mr. Chairman and Members of the Commission, replying first to your question, Mr. Chairman, with respect to the possibility of combining the educational facilities of the three western universities, I can offer this only as hearsay testimony, but I have been informed since I joined the University of Manitoba that about six years ago the three presidents of the three western universities, and the three Premiers of the three western provinces, met in Winnipeg and considered the desirability and possibility of transferring some services from one institution to another or from two institutions to the third. British Columbia subsequently came into that conference by way of representations from the University in the person of Doctor Klinck and a representative of the government. It has been reported to me that out of that conference this conclusion came, that it was not possible to combine any of the services in any of the particular institutions at that time.

I do make this observation out of my own experience.

with respect to Engineering Classes, say. Saskatchewan has this year over 300 students in Engineering, and we have about 220 or 225; I do not recall the exact number. When you get too large a student body in a particular branch, the educational processes suffer, and I would not be in favour, personally, of having one large University for the whole of western Canada.

THE CHAIRMAN: I am not suggesting that. I was suggesting whether there might not be cooperation where one particular University has a strong faculty in one scientific branch, such as Medicine, and another University a strong faculty in, say, Engineering.

MR. SMITH: In Engineering we have the two branches, Civil and Electrical, and Saskatchewan has both Civil and Electrical, and the two institutions can do better work with groups of 225 students than one institution can do with a group of 500 students. That must be kept in mind.

With respect to Professor MacKay's question the University of Manitoba does receive applications from members of the staff for National Research Council grants, but these are relatively very small.

COMMISSIONER MacKAY: They are made to individuals?

MR. SMITH: To individuals, and not to the institution.

COMMISSIONER MacKAY: Is there any aid given in agricultural research?

MR. SMITH: To some extent.

COMMISSIONER MacKAY: And that is on the same basis?

MR. SMITH: Yes.

COMMISSIONER MacKAY: Have you any suggestions to make with respect to the relationship between the National Research Council and the University?

MR. SMITH: Yes, I have. I do think that the trend of

recent years with respect to grants from the National Research Council for research work in Universities is regrettable insofar as the trend has been downward, and it is the testimony of my colleagues in the science fields, and the testimony of University professors throughout Canada, that in the field of science there is a tendency to centralize research in Ottawa, having regard to the funds that are available to the National Research Council. I would advocate before this Commission that it would be desirable to have, through the National Research Council, funds made available to Universities in particular regions. To put it in another way, I cannot see how a staff in the National Research Council, situated in Ottawa, can appreciate the problems of agriculture in the prairie provinces as well as a scientific research man can who is situated here in the very centre of the wheat belt--such things, for instance, as the utilization of what are now waste products in agriculture, the use of straw, the possibility of turning that straw into alcohol, and various other projects that are sponsored in the United States by what is called the Chimurgic Society.

COMMISSIONER MacKAY: I understand that the National Research Council has funds available for research in economic subjects?

MR. SMITH: Yes, I am informed that under the Act establishing the National Research Council, it is within their jurisdiction to appropriate sums for research in the social science fields, particularly in economics, but I can say positively that no assistance has come to any members of the staff of the University of Manitoba from the National Research Council for work in that field. Failing support coming from the National Research Council directly to

Universities in Canada--I am speaking as a westerner--I would suggest that it might be possible for the National Research Council to establish branch research laboratories themselves, say, one in the Maritimes to deal particularly with fish and forest resources, and one in the west to deal with the natural resources connected with our agricultural activities and our minig industry. But at the present time the situation is frankly this: We are not receiving assistance as we did at one time or that we expected to receive when the National Research Council was established; and I still believe, having regard to experience in the field of research, that the professor who in a laboratory has an idea may be, perhaps, closer to the solution of a particular problem, than the staff of a large laboratory that is organized somewhat like a factory for the purpose of investigation. The individual with the idea should be assisted, and you do find these individuals. It has been the result, as pointed out in this brief, that the individual with the idea has been the one who has made the great contributions to scientific research, and subsequently those principles so established have been applied by other people for the benefit of industry.

COMMISSIONER MacKAY: That sort of assistance would not be of material advantage in the solution of the present financial difficulties of the University?

MR. SMITH: No, although in a way we can interest the taxpayers as shareholders in the institution, that if we carry on more research it would redound to their benefit by way of improved agricultural methods and the improvement of agricultural products. It would bring more money to the farmer in the pursuit of his activities.

COMMISSIONER MacKAY: Another question, although perhaps you might not care to answer it as there is some secrecy about the matter of University salaries among Universities. Can you give us any information on the comparative basis of University salaries in Manitoba and elsewhere?

MR. SMITH: I think the Commission is entitled to have that information because it lies at the very basis of the brief we have put in. The University of Manitoba has stressed in this brief that the great danger that lies ahead for the University of Manitoba, unless it receives greater support by way of legislative grants in the maintaining and getting on its staff men of first-class calibre, is the rate of salaries. The rate of salaries for full-time professors before the reductions of 1931-32 became effective was \$4,500. This rate is now reduced to \$3,600, and in view of the fact, as pointed out in the brief, that the academic market is improving in western Canada and the United States, I fear that as the Chairman of the Board has submitted to the Commission, we may be in for a sorry time as we cannot possibly hope to get on our staff men of first-class calibre, and once that happens the University of Manitoba will resort to the position of a glorified High School. I need not urge before this Commission that the success of a University depends upon the people who are doing the work in the trenches; that is, the people who are teaching in the classes, and I do not see how we can possibly compete in a world market, as Mr. Justice Dysart suggested a few moments ago, if we

are restricted to offering for even the next four years only \$3,600 to full-time professors.

THE CHAIRMAN: We will file the brief on the University of Manitoba as an Exhibit.

MR. ST. LAURENT: That will be Exhibit No. 27.

EXHIBIT NO. 27: Submission by the Board of Governors of the University of Manitoba.

SUBMISSION BY

GREATER WINNIPEG YOUTH COUNCIL

JAMES COAN (Chairman of the Constitutional Committee of the Greater Winnipeg Youth Council) was called.

MR. JAMES COAN: Mr. Chairman and Members of the Commission, I should like to read this brief for submission to your Commission:

"The Greater Winnipeg Youth Council sincerely appreciates this opportunity of presenting to the Royal Commission on Dominion-Provincial Relations, its views on the many problems arising out of this vital question, and earnestly trusts that each of the points set forth will receive your careful consideration.

The Council is an expanding organization consisting of representatives of some 80 young people's groups of Greater Winnipeg, of every religious and political belief, and racial origin, having as its object the bringing together of all young people to discuss and seek solutions for our common problems and taking action thereon. The Greater Winnipeg Youth Council is one unit in the Canadian organization which in turn is affiliated with the World Youth Congress, and all seek to promote peace, freedom and progress.

As young people we have a special interest in

those fields of Dominion-Provincial Relations respecting education and employment. . We desire an adequate education, and when we have obtained that, we want amppor tunity to work at decent wages."

THE CHAIRMAN: That is not in the brief that is before us.

MR. COWAN: No, Mr. Chairman, I am inserting a few additional paragraphs. To continue:

"But aside from our immediate interests, we submit that there is no group of people in Canada to whom your report will be of greater significance than to the youth of this country. For we are young! We hope to live another thirty, forty, or possibly fifty years in this Dominion, and we hope to live a more contented and useful life than is now possible because of the injustice which results from the present division of taxation and legislative powers as between the Dominion and the provincial governments. If your report does not result in calling a halt on the piling up of debts, in a cessation of the present inequalities of taxation, in a better division of legislative powers, and in greater unity in Canada, then we, the young people of Greater Winnipeg, of Manitoba and of Canada will be the ones who will suffer.

The Hon. Mr. Major has pointed out to you that Sir John A. Macdonald and the other Fathers of Confederation thought that they were giving to the central government charge of all matters which were of national importance and of all matters not specifically provided for in the British North

"America Act. But instead we find that some matters of national importance, and the residual powers, are within the jurisdiction of the province, by virtue of the decisions of the courts in interpreting the rights of the provinces to legislate in respect of property and civil rights.

In other countries with a federal government, and with a more modern constitution, greater power is given to the national government than in Canada. The Australian constitution of 1900 gave to the Commonwealth parliament jurisdiction over such matters as labour, invalidity and old age pensions, and foreign and domestic corporations.

The Weimar constitution of 1919 of Germany gave to the Reich legislative jurisdiction in respect to poor relief and vagrancy, public health, the insurance and protection of employees, employment exchanges, commerce, industry, mining and insurance."

(Page 1070 follows)

"Great Britain, France, and most other countries, many with large areas and many with populations much greater than that of Canada, have the important functions of government under the jurisdiction of the National Legislature. It is only in Australia, the United States and Canada, all with Federal systems, that we have great constitutional difficulties.

Our Council is fully aware of the need for amendment and revision of the British North America Act. With the rapid development of communication and transportation, matters which in 1867 were of a purely local and provincial nature have now become of national concern. No longer are labour and industrial conditions, and the welfare of the people, matters which affect the local community alone. We believe that administration of matters which are of national importance should be centralized, and controlled and financed by the Dominion Government, so as to secure more equitable taxation and greater unity in Canada. It is necessary that the provinces relinquish some of their legislative jurisdiction if Canada is to progress and become one united nation.

With regard to legislative jurisdiction covering hours and wages of labour, we recommend that the British North America Act be amended so as to place such legislation under the Federal Parliament with a view to securing uniform labour laws throughout Canada, having due regard to differences in geographical and economic conditions. National control is also necessary to secure the

"same strictness of enforcement in the various provinces. At present we do not have this uniformity, with the result that low wages, long hours, and lax enforcement of laws in one province cause unfair competition for the industries in those provinces where the wages are higher, the hours shorter, and the laws more strictly enforced. Not only is this lack of uniformity unfair to employers who pay decent wages, but it also is detrimental to employees, for the low wages in one province tend to lower the wages in other provinces since all sell their goods in the one market. There are many who believe that a shortening of working hours is necessary to relieve the unemployment situation, and if this is to be accomplished, it can only be satisfactorily carried out on a national scale. We also see the need for a national employment service so that a surplus of workers in one locality can be transferred to a district where there is a lack of workers of a particular trade.

To illustrate the need for uniformity we need only refer to the variations in our Minimum Wage Acts, and the fact that Prince Edward Island and New Brunswick have not such an Act in force. In Montreal it is possible to comply with the Minimum Wage Law and pay a learner in the fur industry the sum of \$7.00 per week for two years, while in Winnipeg an inexperienced worker in the same industry must be paid \$9.00 per week for a period of not longer than six months, when he is then regarded as experienced and must be paid the full minimum wage. In respect to the

"different labour conditions in the provinces, on page 139 of the Report of the Royal Commission on Price Spreads 1935, there is the following finding: "Wage rates for common labour in factories varied from 88 per cent to 132 per cent of the dominion average, weekly earnings of all male workers in manufacturing from 59 per cent to 109 per cent of the average, average hours of labour in factories from 111 per cent to 95 per cent of the average."

We recommend that the Dominion Government should have jurisdiction over trade and commerce in the fullest sense of the words, so that if Parliament wishes to control specific industries, it will not be prevented from doing so by the British North America Act. At present there is a conflict of jurisdiction and only those laws of either the province or the Dominion which do not encroach upon the sphere of jurisdiction of the other legislative body are valid. Except where the subject matter is of a purely local nature it is practically impossible to draw the line of separation, so that our governments if they so desire, cannot introduce marketing control schemes with any assurance of their validity.

In Canada we have ten different governments which incorporate companies, and ten different sets of company laws, with the result that unscrupulous promoters will incorporate companies in the province where the laws are the most lax and where they have the best opportunity of defrauding the public. Such a province is not very anxious to rectify its laws, as incorporation fees

"form a substantial source of revenue for hard pressed provincial governments. The need for uniformity is obvious, and we see no reason why there should not be only one Dominion-wide Company Act, and one Federal authority to incorporate companies. This would do away with some duplication and overlapping in taxation and in making company returns. It would also save trouble and expense that is necessary, when a provincially incorporated company wishes to extend its operations across the Dominion.

Agriculture is the greatest Canadian industry and should receive the most careful attention. Canada, which has a population about equal to that of New York State, has ten departments of Agriculture. The Dominion Department consists of nine well organized branches:

1. Experimental Farms
2. Dairy and Cold Storage
3. Health of Animals
4. Livestock
5. Seeds
6. Fruit
7. Entomological
8. Economics
9. Publicity and Extension.

Much of the work of these branches is duplicated by the provincial departments and there is not the cooperation that there should be. We believe that if the dominion government had sole jurisdiction over agriculture, we could make greater progress in Canada's most important industry by pooling the resources of our ten governments and

"avoiding overlapping and duplication."

The Dominion Experimental farms do that work while the farm at the Agricultural College does the same work. They do not cooperate and I understand that they do not value each other's advice as much as they should.

THE CHAIRMAN: Are they both doing similar experimental work?

MR. COWAN: Yes. I understand that in connection with the growing of grains particularly, and the developing of new grains there are disputes as to who has developed this grain and that grain; they do not cooperate .

" Section 121 of the British North America Act provides "That all articles of the growth, produce or manufacture of any one of the provinces shall from and after the Union be admitted free into each of the other provinces," yet in recent years provincial governments have imposed taxes such as the beer tax, which discriminates against products manufactured outside the province. We recommend that steps be taken to prevent the spirit of this section of the act from being violated.

Surely we cannot say that Canada is one country, if it is necessary in making certain treaties with other countries of the world , that the ten governments in the Dominion must be parties to such a treaty. The Dominion Government alone should have the power to enter into such pacts for the purpose of depriving the provinces of their jurisdiction in matters which are of a purely local nature.

Nor, if that government had that power do I believe that we need have any fear in connection with the making of treaties with respect to local matters, for if any treaty that Canada makes with a foreign power is not of international importance it is at any rate of national importance.

"In Canada, educational needs vary with geographical, occupational and racial conditions so that administration should be left to the local governments, but it is necessary that education should be financed by the national government.

The extent and standard of education available to Canadian children should not be dependent upon the economic conditions of the district in which they live. Because they live in a drought area or in a district which cannot afford to offer proper educational facilities, that is no good reason why such children should be insufficiently educated or their teachers should be poorly paid."

I believe that Mr. Garson pointed out that in Manitoba last year the average rural salary was less than \$500 a year, and in Saskatchewan you will no doubt be told of teachers working for board and others receiving promissory notes in payment of their salaries, which notes have not been redeemed.

"On tricks of climate and geography depend the child's opportunities".

Where rain falls the children are better educated and the teachers better paid than where rain does not fall.

"Education is a matter of national concern and the welfare and future of this country demands that every child be given a proper education and that his instructors be adequately rewarded. The Dominion Government with its larger sources of revenue should pay the cost of education.

" If it is impossible for the National Government to assume the whole cost it should make grants to the local governments according to their needs, such grants to be derived from its general revenue and so take a burden of taxation off real property.

In Great Britain, the amount of the grant from Parliament to the cities or local districts is on the basis of need, which is determined by a number of factors, including, the population, and the number of children under five years; and so on. In Australia and New Zealand, the state pays 100 per cent of the cost of education. In 1932 in England and Wales the state paid 55 per cent, while in Manitoba the provincial government pays less than 15 per cent of the cost. The only grant the Dominion Government made in 1936 was the sum of \$98,784 for technical education. Assuming that Manitoba received her share on a per capita basis, the Dominion paid less than one tenth of one per cent of the cost of education in Manitoba.

Here we might point out the need for physical instruction and recreation and health education, which have recently been recognized in England as of such vital national concern that the National Government has appropriated £2,000,000 for those purposes. We also stress the need for vocational schools, where young Canadians can learn trades and become skilled craftsmen in those occupations which now face a shortage of labour. Much has already been done by our Department of Education but there is still a great need to be fulfilled.

" Concerning National Unemployment and Health Insurance, we would like to point out that the representatives of the people of Canada at the 1935 session of Parliament recognised the need for a National Unemployment and Health Insurance Scheme, when with almost complete unanimity they voted for the Unemployment Insurance Act. The Act was declared ultra vires of the Dominion Parliament by the Privy Council. We recommend that our constitution be amended to provide for the validity of such an Act as it is impossible to have provincial acts brought into force because of the increased burden that would be placed on the industries of such provinces, and make them less able to compete with their competitors where no unemployment insurance existed, and because of the confusion that would result when an employee moved from one province to another.

Time and again, it has been said that we should have a contributory system of old age pensions in Canada, yet this cannot be accomplished because the National Government has not the necessary jurisdiction, and it is impossible for the provincial governments to do so singly. Members of the present Canadian Government doubt the validity of the Federal Government contributing to pensions for the aged and blind, and so we recommend amending the British North America Act so as to remove these doubts and recommend that steps be taken to make way for a National Pension Scheme if parliament sees fit to introduce one.

Housing is another urgent social need and if we are to make any progress in solving this

"distressing problem it must be a national scheme with money borrowed at a low interest rate, which can be accomplished only by the Government at Ottawa.

If it is the wish of the people of Canada to introduce some of these reforms, their desires should not be prevented by our constitution. If The British North America Act prevents Parliament from carrying out the wishes of the people, can it be said that we have a true democracy?

Since Confederation there has been a tremendous growth in the social services now offered by our Government. The burden of these services, many of which were undreamed of seventy years ago have fallen upon the provincial and municipal governments, the bodies least able to bear them.

Relief, we believe, should be regarded and cared for as a national responsibility created by a national problem. The extent of relief should not be dependent upon local financial resources. Mothers' Allowances, Old Age Pensions and other public welfare and social services are within the same category and should be financed and administered by the National Government.

We recommend that relief and social legislation be administered by the Dominion Government, so as to secure uniformity, stability and better administration. There should be a central administration office with local offices throughout Canada, possibly of the same territorial limits as the provinces, although in some cases such as in the administration of relief, sub-offices would

"cover a much smaller territory. We see no reason why such laws could not be framed and efficiently administered under such a set-up, although we realize that some study would be required to determine the different requirements of the various localities. Such centralization should not result in bureaucracy, red tape or inefficiency. In most countries administration is from a central office, while in Canada we have various national services which are so taken care of already, such as the militia, tax collections, and the postal service. Furthermore, all large national and international corporations are directed from one head office.

The above problems lead up to the all important question of taxation. Should the municipalities and provinces continue to pile up debts in attempting to cope with the problems and should the extent of social services be dependent upon the tax paying ability of each province? Surely education, relief and other social services are all matters which are national responsibilities and should be paid for by the taxpayers of the whole of Canada.

In Ontario and Quebec you will be asked the question as to why they should pay such a large proportion of the taxes and not receive a similar amount through government expenditure. It is in these provinces that almost all the excise tax, sales tax and customs duties are collected from products which are sold and paid for in western Canada and the maritimes. A few years ago, the present Minister of Labour, Honourable Norman

"McL. Rogers, pointed out to a commission investigating the case of the maritime provinces for increased subsidies, that tariffs cost the western and eastern provinces \$80,000,000 in 1931 which benefit was received by Ontario and Quebec. Canada's tariff policy cost Saskatchewan alone \$15,000,000. in that year.

In addition to the gain to Ontario and Quebec which accrues from the tariff, we must remember that it is in these provinces that we find the head offices and owners of all our large corporations, banks, insurance companies, mortgage and loan companies, shipping, railway, mining, newsprint, automobile, steel and rubber companies, and manufacturers of almost every commodity made in Canada. In 1934 Sir Edward Beatty at the annual meeting of the Canadian Pacific Railway Company stated that in normal times 60 per cent of the freight revenue of that railway was derived from western Canada. It is to the two industrial provinces that the profits and earnings from the rest of Canada find their way.

These are the reasons which contribute to the low provincial taxation in Ontario and Quebec as compared with the high taxes of the other provinces."

Possibly we should say the low income taxation and other taxes which affect the individual.

THE CHAIRMAN: There is not a low income tax in Ontario at the present time.

MR. COWAN: In Manitoba, a married man without dependents having an income of \$3,000 per year, pays an income tax of \$88 to the provincial government while the Ontario government would only receive \$14 in a similar case.

Compared to Manitoba, your income taxes are much lower. In Manitoba, in the fiscal year ended March 31, 1937, there was collected in succession duties \$463,963; in Ontario in the previous year there was collected \$11,984,720. Covering the respective periods, in the same provinces there was collected in corporation tax in the province of Manitoba \$1,221,049 and in Ontario \$8,361,273. We contribute largely to the corporation taxes and succession duties in the province of Ontario, because that is where our profits go; that is where the head offices of the corporations are situated.

Mr. Garson pointed out that one large corporation in this city, which does a tremendous business, pays practically no corporation taxation to the provincial government. Its head office is in Ontario.

" High taxation as pointed out in the Towers' Report is not the fault of our local governments."

THE CHAIRMAN: There must be a business tax.

MR. COWAN: I am referring to corporation taxes based on the earning power of the corporation.

"Since we in western Canada and our friends in the maritimes contribute so largely to the wealth of Ontario and Quebec, it is only just that those provinces should bear a greater portion of our tax burden. Taxation should be based upon ability to pay, and since that ability is made possible by the west and the maritimes we have a very strong case.

In most countries of the world the national taxation far exceeds local tax revenues, so that governmental services are not so dependent upon the financial conditions of the community. In Great Britain the national taxes are about four-

"fifths of the total tax bill. In France the national tax revenues include almost 70 per cent of the total taxes. In Canada the dominion receipts were 43 per cent of the total tax revenue in 1934.

Let us see what is being done in Australia. Australia has a federal system somewhat similar to ours and like Canada has states engaged chiefly in the production of primary products, while the most populous states are more or less industrialized. The three states, Western Australia, South Australia and Tasmania, which are in the same position as the Western Provinces and the Maritimes, have agitated for a long time for grants from the Federal Government, with the result that in 1933 a Royal Commission was appointed. Western Australia had gone so far as to hold a plebescite on the question of separating from the federation. Realizing the justice of the claim of these three states, the Commission has recommended varying payments from the Federal Government based on need. They receive on the average, on a per capita basis, about four times the sum that Manitoba receives from the Dominion.

This need for grants in Canada has been recognized in the past, and increased subsidies have been granted to the western and maritime provinces, but the subsidies have not been commensurate with the need and have always been changed in a very slow and piecemeal fashion. Subsidies do not provide a satisfactory solution.

So we recommend that the Dominion Government

"take over some of the provincial sources of taxation such as the income tax and succession duty and the financial burden of education and social services, such burden to be met out of the general taxation and such taxation generally based upon ability to pay. This will relieve the people of the poorer provinces of some of their heavy taxation and lift some of the tax load off municipalities and therefore off land.

We do not recommend the granting of additional sources of revenue to the provinces or municipalities as we have already more taxes than we can bear, and in addition relief debts are mounting. Some of the cost of relief should be paid out of current revenue, for our young people should not be burdened in the future, with paying interest on any larger debt than we now have. If the Dominion Government took over the cost of relief and paid for relief out of current revenue, there would soon be action taken to relieve unemployment and give new hope and a new life to many unfortunate citizens of this country.

Let us turn to the sources of taxation in other countries. In Great Britain the income tax accounts for about one-third of the total taxes, in France it brings in more than one-fifth of the total, while in Canada in 1934 the Dominion Income tax revenue was \$61,399,172 , or less than one-twelfth of the whole tax bill. Of course there are provincial income taxes in Canada but their income tax receipts would be only about half of those of the Dominion.

" In Canada taxation on real property is high, we find small home owners, in some cases old age pensioners and unemployed or low paid workers, or farmers who have had a crop failure, being required to pay taxes regardless of their ability to do so. Taxes should be based upon ability to pay. In levying a sales tax in Canada, exemptions are allowed for many of the necessities of life. Acting on the same principle -- we should lower taxation on another of the necessities of life -- shelter, homes, and there would seem to be room for an increased income tax to take the place of such loss of revenue.

Possibly land should bear the cost of police and fire protection, local improvements, and other services which directly benefit land, but it should not be burdened with the cost of relief, social services and education to which the ownership of land has no relation. Lower real property taxation would do much to decrease the cost of agriculture production, and place our farmers in a better position to compete in world markets. If some of the burden of taxation was taken off land, tremendous impetus would be given to the very depressed construction industry. It is high taxation on land and homes which hinders home building, and helps to create slums and overcrowding. Lower realty taxation would be an important step towards relieving three of our greatest problems, that of lowering the cost of agriculture production, and that of providing employment and decent housing.

" So we of the Greater Winnipeg Youth Council strongly recommend that the British North America Act be amended as a necessary aid to greater progress, to more equitable taxation and to national unity in the Dominion of Canada. We believe our recommendations help to point the way to the attainment of these objects. We believe, as the Fathers of Confederation did, that a strong central government is necessary to promote unity in our great Dominion, and that unity is one of our greatest needs, for if we are not united we cannot progress and take our part in world affairs. We believe that the time has come when steps should be taken to make Canada one unit instead of ten. We believe in the sacrifice of provincial rights when the welfare of the Canadian people is at stake."

THE CHAIRMAN: Do I understand that the Greater Winnipeg Youth Council is a branch of the Canadian Youth Council?

MR. COWAN: Yes.

THE CHAIRMAN: It is a Canadian organization?

MR. COWAN: Yes.

THE CHAIRMAN: It would be very interesting to have the views of the general council on these matters.

MR. COWAN: Yes sir. We will send copies of our brief to the various councils, and in Toronto the National Council will no doubt let you know the opinions of the various councils throughout Canada with respect to the submission we have made.

THE CHAIRMAN: It would be interesting to know how far the young people in the other provinces share the

views that you have put forward in this brief. I suppose that this was prepared by your Council?

MR. COWAN: It was prepared by our Constitutional Committee and approved by the Council.

THE CHAIRMAN: There are of course certain points in it which one must note. You speak of education, and you seem to assume throughout that education may be dealt with as a national subject.

MR. COWAN: In the last paragraph on page 2 we make the statement that educational needs vary with geographical, occupational and racial conditions, so that administration should be left to the local governments; but that it is necessary that education should be financed by the National Government.

THE CHAIRMAN: You cannot have the National Government paying the money and leaving the whole administration to the province. You cannot expect the National Government to pay out large sums without having a voice in the administration.

MR. COWAN: That is true, sir.

THE CHAIRMAN: The Council should give serious consideration to that recommendation. What you are recommending here is that one government should raise revenue and others spend it. We have had strong representations here against that principle, and there are strong grounds against it. I should think your Youth Council would do well throughout the country to give consideration to that aspect of the matter; for it is hopeless to expect, under our Canadian system, that the federal government will finance education in the provinces.

MR. COWAN: But we could expect a larger grant. I think, sir, you will recognize the need for financial

assistance.

THE CHAIRMAN: There is this further consideration that should be kept in mind by the Youth Council. My recollection is that the public debt of Canada has increased about \$800,000,000 in the past six years -- perhaps more. The Dominion is steadily moving towards the position in which some of the provinces find themselves, unless a halt is called. I do not know where all the money is to come from. That is a practical difficulty, and if this brief is to be considered by other branches of the Youth Council this and similar matters must be taken into consideration. We are delighted to have the opinions of the young men and women of the country, because they must live and work under the Constitution, and carry the load when the time comes to assume it. We therefore welcome this representation from the Winnipeg Youth Council. But there are a number of matters into which it will be well for you to inquire further and to which, I suggest, you should give your best consideration. Perhaps the National Council might make representations to us.

MR. COWAN: The headquarters are in Toronto and we will circulate copies of the brief throughout Canada and bring to them these remarks that you have made, Mr. Chairman, and ask them to state their views on the question.

MR. ST. LAURENT: A copy of the brief will be filed as Exhibit No. 28.

EXHIBIT No. 28: Brief submitted by
Greater Winnipeg Youth
Council of Canada.

BRIEF PRESENTED BY THE CATHOLIC
MINORITY OF THE PROVINCE OF MANITOBA --

THE CHAIRMAN: The next brief will be presented on behalf of the Catholic Minority of the province of Manitoba.

MR. FRANK WILLIAM RUSSELL (St. Mary's Cathedral Parish): Mr. Chairman and gentlemen, the presentation I have to make deals with the constitutional, and consequently the financial disabilities of the Catholic Minority of Manitoba. We have prepared a brief, which in fact is brief, and I suggest that I had better read it. That would be the quickest way to put our views before you. The brief is as follows:

" To The Royal Commission on Dominion-Provincial Relations:

It is generally agreed that there is a very definite need of a revision of the British North America Act. This naturally involves the question of what can be done to assure for all time and under all circumstances the safe-guarding of minority rights, and in this connection we desire to respectfully bring to your attention the serious constitutional and financial disabilities under which a large proportion of the population of Manitoba are at present suffering.

A Constitution, we submit, must be regarded as the plighted word of the country -- a word which cannot and must not be violated.

In discussing this important point the Free Press recently said:

"The rights enjoyed by minorities heretofore can and should be guaranteed." Winnipeg Free Press, January 28th, 1937.

" 'If there is a demand for constitutional changes, then first of all there should be discussion of a more rational and practical method of bringing about such changes. It is urgently necessary that agreement should be reached, and it should be quite possible to do so, with the assurances that the majority would readily give regarding minority rights.' Winnipeg Free Press, January 29th, 1937.

'In exchange of views which has been going on for years it has been made clear that there is no objection from any quarter to the most absolute safeguards with respect to all these questions which are not capable of being dealt with on the basis of majority opinion." Winnipeg Free Press, November 22nd, 1937.

But in the light of our experience of minority guarantees in Manitoba what hope can we have that "absolute safeguards" to use the language of the Free Press, can be devised on which a minority may rely?

When . . . Manitoba became a province of the Dominion in 1870 certain assurances were given the minorities and these assurances were embodied in "The Manitoba Act". These assurances are found in Section 22 with regard to schools and in Section 23 with regard to the use of the French language. We are sorry to say that the province of Manitoba has not only not observed these assurances, but has deliberately broken them. May we respectfully call the attention of the Commission to the following:

'The Manitoba Act, Section 23:

Either the English or the French language may be used by any person in the debates of the Houses of the Legislature and both these languages shall be used in the respective records and journals of those Houses; and either of those languages may be used by any person, or in any pleading or process, in or issuing from any court of Canada established under "The British North America Act, 1867" or in or from all or any of the courts of the province. The Acts of the Legislature shall be printed and published in both these languages.

Revised Statutes of Manitoba, Chapter 147

(p. 2072): 'His Majesty, by and with the advice and consent of the Legislative Assembly of Manitoba, enacts as follows:

1. Any statute or law to the contrary notwithstanding, the English language only shall be used in the records and journals of the House of Assembly for the Province of Manitoba, and in any pleadings or process in or issuing from any court in the province of Manitoba. The Acts of the Legislature of the province of Manitoba need only be printed and published in the English language.

2. This Act shall only apply so far as this Legislature has jurisdiction to enact.'

Can anything possibly be plainer? By the Manitoba Act English and French are placed on a footing of equality and both languages are made official. By the Statutes of Manitoba, not only was this equality taken away, but in fact

"and in law, the French language was denied all rights. The law is so plain that it does not require any legal training to understand it, but may we state as a matter of fact that a French-Canadian teacher in a French-Canadian School District in the province of Manitoba is not allowed to teach a word of French to French-Canadian children during school hours, and, should he attempt to do so, his certificate would be taken away from him and he would be summarily dismissed.

So much regarding the Constitutional guarantee with respect to the use of the French language in the province of Manitoba.

Let us now turn to the question of education and schools.

We beg to submit that the economic disabilities of the Catholics of Manitoba, caused by the unfair conditions imposed on them by the present school laws, have an effect on the financial stability of the province which should receive your serious consideration."

Page 1092 follows.

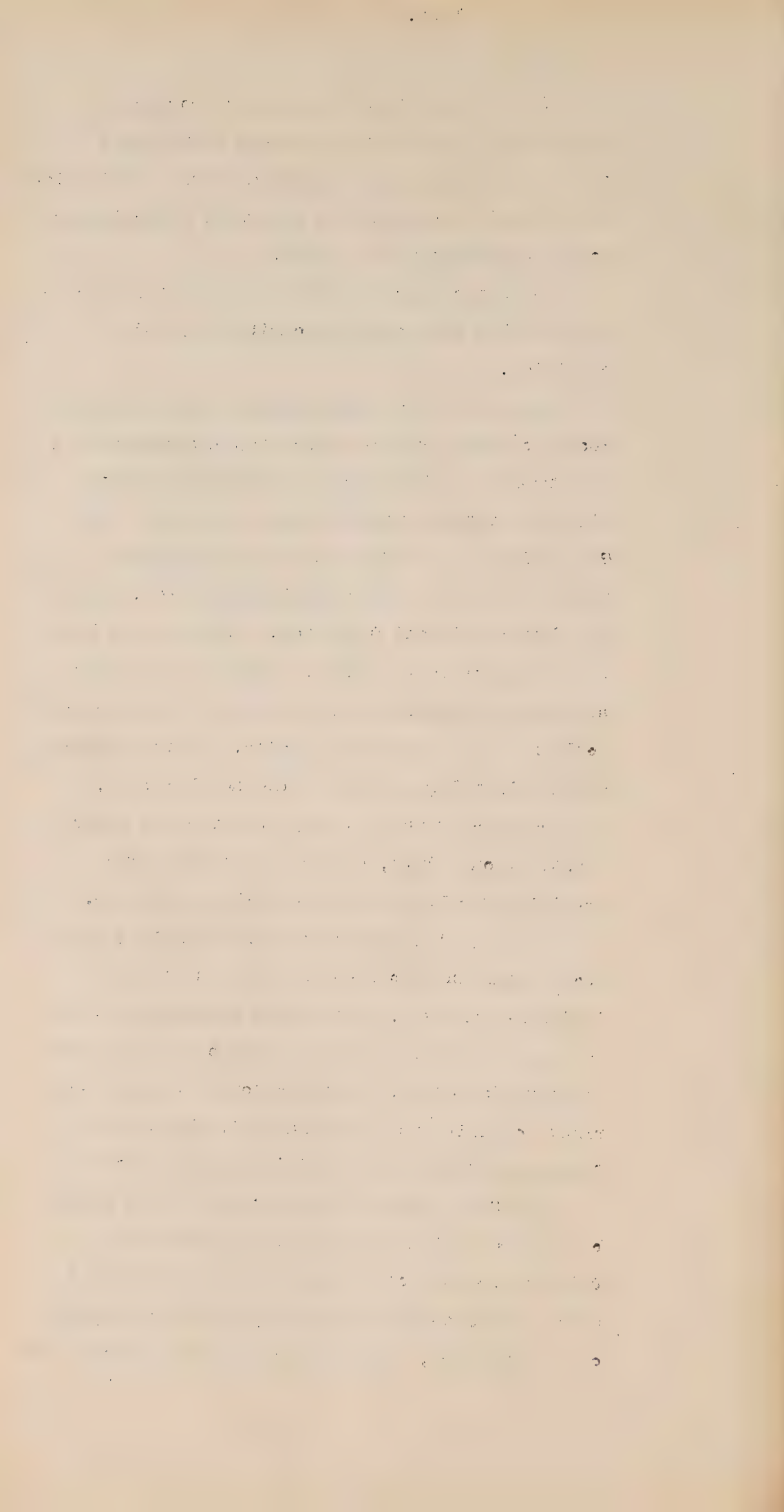
We held that this evil must be corrected before there can be any permanent plan worked out for the satisfactory settlement of constitutional and financial problems now adversely affecting the people of Manitoba as a whole.

It is necessary to briefly review the circumstances that have been responsible for this condition.

There can be no disputing the fact that the people of the territory which was incorporated in the Province of Manitoba entered Confederation with the distinct understanding and belief that The Manitoba Act safeguarded the established rights and privileges regarding education, which the Protestants and Catholics, respectively, had enjoyed prior to the union. Without that understanding and assurance the people of the territory would not have entered the union, and the members of the first legislature of the new Province, in accordance with what they believed was their constitutional duty, passed educational laws providing for Protestant and Catholic schools.

At that time Protestants and Catholics were about equal in number -- as time went on and immigrants arrived, Protestants predominated, but for nearly twenty years the terms of the Act were loyally adhered to, and the minority enjoyed the right to their own taxes and their share of the Government Grant in maintaining their schools.

In 1890 a change was made; an act was passed by the Provincial Legislature abolishing the Catholic schools of the past nineteen years and making the Protestant schools the Public Schools of the Province, to be supported for the first time



in Manitoba's history by the taxes of Catholics as well as protestants -- and the new schools were to receive the whole of the Government Grant.

The Catholics appealed to the courts, and the Supreme Court of Canada unanimously found that the 1890 Act was invalid as it contravened Section 22 of the Manitoba Act which read as follows:

"In and for the Province, the said Legislature may exclusively make laws in relation to education, subject and according to the following provisions:

"Nothing in any such law shall prejudicially affect any right or privilege with respect to denominational schools which any class of persons have by law or practice in the Province at the Union."

There was an appeal to the Privy Council, and we quote and endorse the statement regarding the result of this appeal made by J.T. Thorson, M.P. for Selkirk, in a debate in the House of Commons, on April 5th., 1937:

"The Supreme Court of Canada was unanimous in finding that the statute passed by the Province of Manitoba, the Public Schools Act, 1890, was invalid as contravening Section 22 of the Manitoba Act. The judicial committee of the Privy Council reversed the decision of the Supreme Court of Canada. I submit that the language used by the judicial committee in that case gave as narrow an interpretation of the meaning of words as it was possible to give. This decision caused an intense feeling that an injustice had been done. If the Supreme Court of Canada decision had prevailed, the Manitoba School question would

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never have assumed the national proportions which it did. The judgment of the judicial committee of the Privy Council in that case was upon narrow and technical grounds, and as a result there was a deep sense of injustice, not only in the province of Manitoba but in other parts of Canada. Because of that deep sense of injustice the Remedial Bill of 1869 was introduced into this parliament. That Remedial Bill would never have been introduced if the judgment of the Supreme Court had prevailed. I submit that the whole Manitoba school question with all the religious hatred and bitterness which it engendered should be placed at the door of the judicial committee of the Privy Council."

The Catholics then appealed to the Governor-General-in-Council on a section of the Manitoba Act and a section of the British North America Act (Section 93, ss. 3). The clause of the British North America Act reads as follows:

(ss. 3) Where in any Province a system of separate or dissentient schools exists by law at the Union or is thereafter established by the Legislature of the Province, an appeal shall lie to the Governor-General-in-Council from any act or decision of any Provincial authority affecting any right or privilege of the Protestant or Roman Catholic minority of the Queen's subjects in relation to education."

In the Manitoba Act this clause was condensed for some reason and appeared as follows:

(Section 22, ss. 2) An appeal shall lie to the Governor-General-in-Council from any Act or decision of the Legislature of the Province,

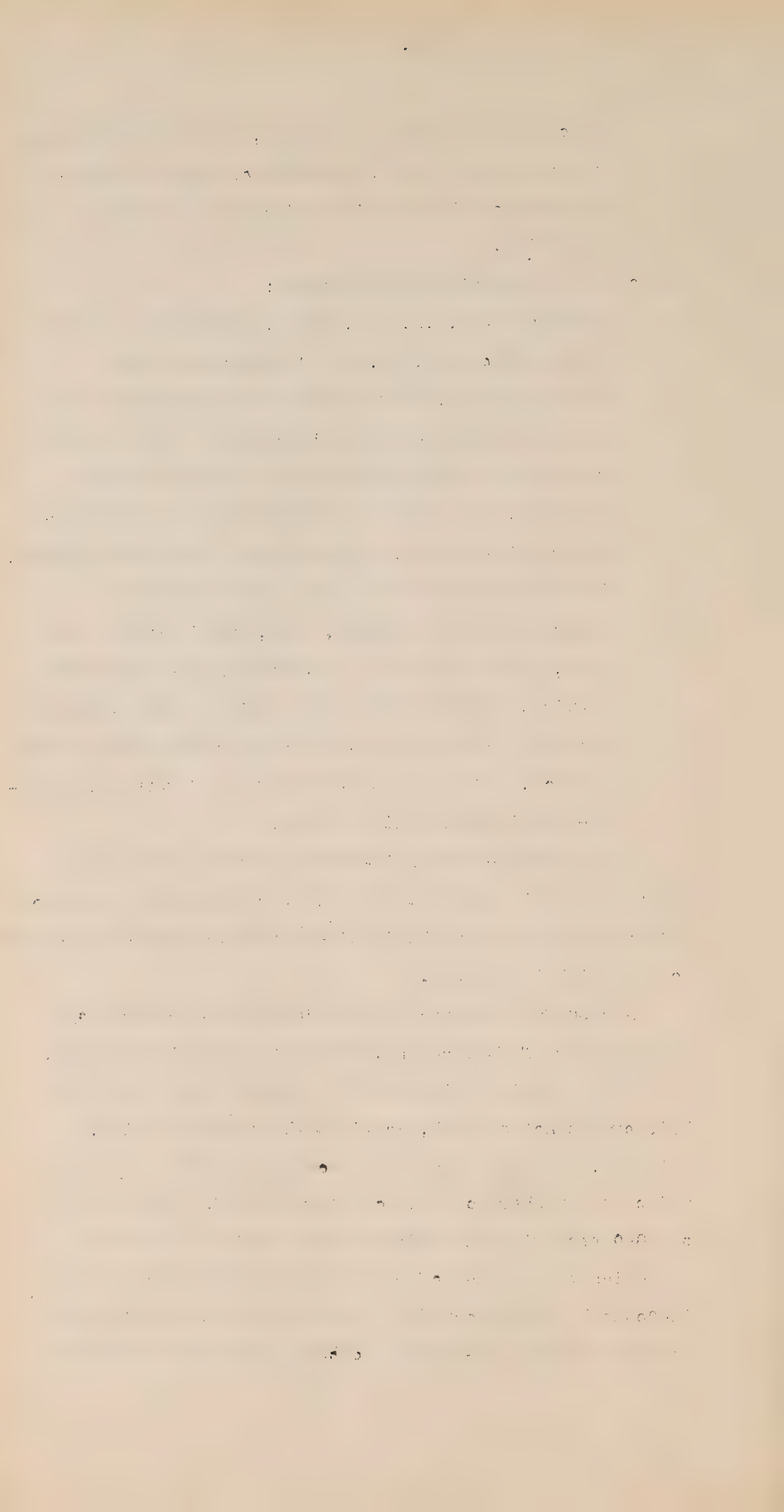
or of any Provincial authority, affecting any right or privilege of the Protestant or Roman Catholic Minority of the Queen's subjects in relation to education.

And both Acts contained this section:

(Section 93 B.N.A. Act, 33. 4, and Section 22 of the Manitoba Act, ss. 3) "In case any such Provincial law, as from time to time seems to the Governor-General-in-Council requisite for the due execution of the provisions of this section, is not made, or in case any decision of the Governor-General-in-Council, on any appeal under this section, is not duly executed by the proper Provincial Authority in that behalf, then, and in every such case, and as far as the circumstances of each case require, the Parliament of Canada may make remedial laws for the due execution of the provisions of this section, and of any decision of the Governor-General-in-Council under this section."

The Governor-General-in-Council decided that as the appeal, in their opinion, involved very important points of law these should be authoritatively settled before proceeding to deal with the appeal.

A case for reference to the courts was prepared by the Minister of Justice and, after an exhaustive hearing, the Privy Council decided that the Catholics of Manitoba had, by the Act of 1871, acquired the right to build, maintain, and equip schools supported by their own taxes and by their share of the Government Grant: that the Act of 1890 prejudicially affected such rights: that the Catholics had a right of appeal to the Governor-General-in-Council for restoration: that it was the duty of the Governor-General-in-Council to hear the appeal with the



object of removing the grievances complained of.

Efforts were made by the Governor-General-in-Council to implement this decision and direction of the Privy Council, but the Manitoba Government refused to comply, and the unfair situation has continued until this day.

Under these circumstances, for over 40 years the Catholic people of Winnipeg, Brandon, Portage la Prairie, Norwood, Dunrea, St. James, East Kildonan, and other places, have been forced to pay taxes for the support of public schools, whilst at the same time maintaining schools for their own children. It has been and is an almost unbearable imposition on a loyal and law abiding and useful section of the population, and we submit that the penalizing of the Catholics of Manitoba in this way will, as long as it persists, hinder the orderly progress of the Province.

We urge that to have a large section of the people of the Province penalized financially in this way has a disturbing effect on the economic life of the Province as a whole, and is a condition you must have in mind in your consideration of the financial security of the Province and its people.

The amount which has been extracted from the pockets of the Catholics in the support of protestant Public Schools which they do not use, is a vast sum, many millions of dollars. We therefore welcome this inquiry with the full hope and confidence that you will realize that such a state of affairs cannot be allowed to continue indefinitely, and that your Commission will recommend a remedy.

We ask you to bear in mind the unanimous decision of the Supreme Court of Canada, that the Act of 1890 was ultra vires of the Province; that it was a fantastic judgment of the Privy Council, setting aside our own Supreme Court, that robbed us of our constitutional rights to our schools; and that the Privy Council later declared that we had definitely acquired rights under the Provincial Legislation of 1871, and that it was the duty of the Governor-General-in-Council to see to it that the law of 1890 was amended in such a way that those rights would be restored to us.

We specifically declare that the economic difficulties of Manitoba cannot be satisfactorily settled so long as a large section of the population are discriminated against in this way. It affects the whole business life of the Province, especially the business life of the cities and towns in which there are large numbers of Catholic taxpayers. The improper subjection of the Catholic taxpayers to this constant drain on their financial resources is something, we suggest, which must be considered by you in your inquiry into the financial relations between the Provinces and the Dominion. If you ignore it we shall certainly be disappointed and compelled to make a strong protest which we believe may have Dominion-wide repercussions, and we are presenting this to you because we would like to avoid this and at the same time do what we can to ensure equal economic consideration for all classes of people who make up the population of the Province.

Specifically we would ask you to recommend that we be placed in the same position as the Catholics

of Saskatchewan. We would be satisfied with the Saskatchewan Act, which seems to give general satisfaction. We read in Dr. J.W. Daffee's book on "Clifford Sifton and His Times" that, although he had some doubts about it when he introduced the measure, Sir Clifford Sifton in his later years looked back upon it with the utmost satisfaction, and we are assured in the same book that in a letter bearing date June 1st., 1926, Sir Clifford wrote: "I personally drew the school provisions of the Alberta and Saskatchewan Acts. I was not very enthusiastic when I drew them, but time is proving that they have established unquestionably the best school system that is possible under Canadian conditions, and if all the other Canadian provinces would adopt these provisions they would be better off."

We take the liberty of recommending this to your earnest consideration, feeling assured that if through your recommendation a status as Catholics enjoying the Constitution on the basis of Saskatchewan could be given to us, you would in after years enjoy the same measure of satisfaction as was experienced by Sir Clifford Sifton.

The Winnipeg Public School Board, we are told, is going to present a claim before the Royal Commission on Dominion-Provincial Relations for a grant of money in order to carry on. This claim is supported by the Winnipeg Free Press in its editorial columns of October 26th, 1937, in these terms:

"Some way will no doubt be found for presenting the claim of the Winnipeg School Board, that, in the readjustment between the Dominion and this

The first part of the paper discusses the importance of the study of the history of the United States. It is pointed out that the study of history is not only a means of understanding the past, but also a means of understanding the present and the future. The author argues that the study of history is essential for the development of a nation and for the well-being of its people.

The second part of the paper discusses the role of the government in the development of the United States. It is pointed out that the government has played a major role in the development of the country, and that its actions have shaped the course of history. The author argues that the government should continue to play a role in the development of the country, and that its actions should be guided by the principles of justice and fairness.

The third part of the paper discusses the role of the individual in the development of the United States. It is pointed out that the actions of individuals have shaped the course of history, and that the individual has a responsibility to contribute to the development of the country. The author argues that the individual should be encouraged to exercise his or her rights and responsibilities, and that the government should protect these rights and responsibilities.

The fourth part of the paper discusses the role of the future in the development of the United States. It is pointed out that the future is uncertain, and that the actions of the present will shape the future. The author argues that the future should be planned, and that the actions of the present should be guided by the principles of justice and fairness.

The fifth part of the paper discusses the role of the United States in the world. It is pointed out that the United States has a responsibility to lead the world, and that its actions should be guided by the principles of justice and fairness. The author argues that the United States should continue to play a role in the world, and that its actions should be guided by the principles of justice and fairness.

Province, the necessity for adequate maintenance of education should be kept in view."

Notwithstanding the fact that several thousand Protestant children in Winnipeg are being educated on monies contributed by Catholic rate-payers, the Winnipeg Public School Board frequently finds itself in financial difficulties. We are one hundred percent behind the School Board in any effort it may make to secure more money without further taxation. But we respectfully submit that any monies granted by the Dominion for educational purposes should be proportionately divided between the so-called "Public" Schools and the so-called "Catholic" Schools. The Catholic Schools are established in virtue of Dominion legislation in the Manitoba Act. The Public Schools are established in virtue of Provincial Legislation in the "Public School Act." The Dominion Government has no right, in justice or in law, to recognize the one and deny the other, to favour the one at the expense of the other. The Catholic Schools are most emphatically not private schools, they are just as legal and just as constitutional as the schools that are called "Public". That the Catholic Schools do not share in the school taxes; that the Catholic Schools do not share in the Provincial grant for education; that the Catholic School buildings and playgrounds are taxed for the support of "Public" Schools; that the Privy Council declared that in the matter of schools the Catholics of Manitoba are suffering grave disabilities and that they have the right of appeal to the Governor-General-in-Council for redress; that the appeal was made more than forty years ago and that

no redress has yet been effected; all these are reasons why justice should at length prevail and that the Catholics of Manitoba should no longer be subjected to unfair treatment. The Catholic Schools of Manitoba were established and are maintained on the ground of conscience and from the deepest religious conviction. To penalize them is nothing more or less than religious persecution.

We therefore leave this with you, having the assurance that you will find it worthy of your consideration and that this will mean the removal of the discriminating conditions in Manitoba.

COMMISSIONER SIROIS: Had you any special reason to believe that the commission would not receive your brief and study it in the same way as any other brief which we have received?

MR. RUSSELL: No sir. I think you will.

COMMISSIONER SIROIS: Then, I sincerely hope you will withdraw the following words. You say:

"If you ignore it we shall certainly be disappointed and compelled to make a strong protest which we believe may have Dominion-wide repercussions."

MR. RUSSELL: We will delete that, sir.

COMMISSIONER SIROIS: I think you should.

MR. RUSSELL: They have no bearing on the thing at all. I would be perfectly willing to have them deleted.

THE CHAIRMAN: Is it your desire that that sentence should be deleted?

MR. RUSSELL: Oh yes, sir.

THE CHAIRMAN: It is in the brief; we cannot delete it without your consent.

MR. RUSSELL: As it has been called to my attention, I say delete the section, sir, yes. I did not think it

would be taken in that spirit.

COMMISSIONER SIROIS: I deplored it and even resented it.

MR. RUSSELL: Then, it can be deleted.

THE CHAIRMAN: This paragraph is deleted. There is one question I want to get straight in my own mind. So far as I can see you make two specific recommendations and two only. In one you ask that you be given the same school legislation in Manitoba as prevails in Saskatchewan.

MR. RUSSELL: Yes.

THE CHAIRMAN: Secondly, that if any Dominion grant is made to the public schools the amount should be proportionately divided between the public schools and the catholic school.

MR. RUSSELL: Yes.

THE CHAIRMAN: Am I correct in stating these are the only two?

MR. RUSSELL: Yes, I think so.

THE CHAIRMAN: Now, with reference to the first, you of course must recognize that that is wholly a provincial matter. We made it clear in discussing the other briefs on that question. It is no part of our function to intervene in provincial matters. We are not sitting in review of the acts of the provinces.

MR. RUSSELL: No, sir.

THE CHAIRMAN: We are reviewing the relations of the dominion to the provinces. On the other point I have already indicated my view as to the possibility of the dominion making a grant. Of course, if such a matter is being considered your representations will be considered as my colleague, Dr. Sirois, has said, just the same as the other briefs will be considered.

MR. RUSSELL: Yes, sir. We thought you might make a recommendation. We call your attention to the disturbed

financial condition of this province, and we understood you are looking into the disturbed financial condition. - on account of this drain on our financial resources by double taxation - and that you might want to have a suggestion how that drain and disturbance might be prevented, might be got over.

THE CHAIRMAN: Mr. Russell, I am afraid past experience in the history of Canada would indicate that any attempt on the part of an outside body to tell the province how it should deal with educational problems would not tend to promote peace within the province. I should be afraid the result might be very different from what you are suggesting. I am not expressing any opinion on the merits of the question at all. I am only stating that it is a matter within the jurisdiction of the province and the province only. It is beyond our jurisdiction to make recommendations to the province as to what it should do. We refused the public school board; we refused the Teacher's Association; we refused the rural Trustees' Association, and we refused St. James this morning, to make any recommendation as between themselves and the province in reference to school matters. We can't put you on a different basis from what we put the others.

MR. RUSSELL: Except this; might I be permitted to say that we are different in this respect: we had a judgment of the privy council commissioning the Governor-General-in-Council and you have no such thing in these other matters to which you have referred.

THE CHAIRMAN: Of course, Mr. Russell, that is a long piece of history.

MR. RUSSELL: I know.

THE CHAIRMAN: I do not believe we can add anything to the elucidation of the condition you complain of by

going into that long history.

MR. RUSSELL: No. We put that in. We had to make a specific recommendation to assist the commission.

THE CHAIRMAN: Yes. We accept the brief and it will be duly considered.

MR. RUSSELL: We put that in, sir, because of the financial disability which you certainly are looking into, are you not. I refer to the financial condition.

THE CHAIRMAN: Yes.

MR. RUSSELL: My own personal financial difficulty would justify a brief.

THE CHAIRMAN: Well, you see, we cannot accept briefs from individuals. There are a lot of people, Mr. Russell, whose financial difficulty would make them feel that they were justified in putting in briefs, because they find themselves, due to one cause or another, for which they may not be responsible at all, in very difficult circumstances. We cannot deal with that.

MR. RUSSELL: Sir, the other member of the Commission said just now you might ignore this brief of ours.

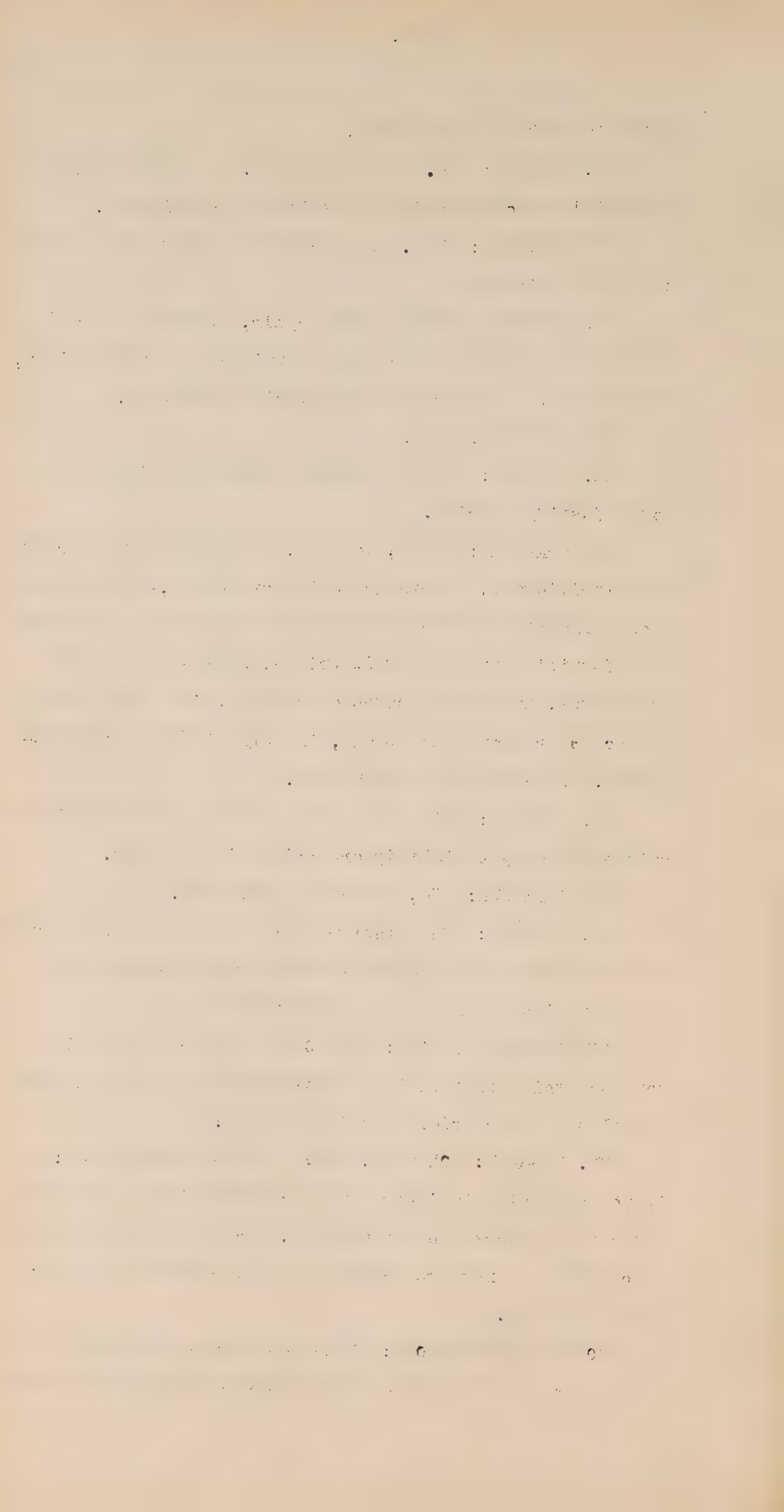
THE CHAIRMAN: No, he did not say that.

MR. RUSSELL: The other member of the commission asked me to withdraw that because I showed some suspicion that you might ignore all our recommendations.

COMMISSIONER SIROIS: The Chief Justice has just told you that this brief will be studied by us in the same way as all the other briefs submitted to us.

MR. RUSSELL: Oh well, yes. I quite expect that; but if you are going to ignore our recommendations I certainly would not withdraw that statement, because I want it understood that if they are ignored it will certainly lead to something more.

COMMISSIONER SIROIS: Does that mean, Mr. Russell, that you are asking us to say in advance what we are going



to do?

MR. RUSSELL: No; but I understand from the Chairman that you are debarred for some reason or other from considering our recommendations.

THE CHAIRMAN: No; I did not say that Mr. Russell. What I said was, so far as the one recommendation was concerned, that was purely a provincial matter, and we have already, in connection with other briefs, intimated that it did not fall within our jurisdiction to deal with provincial matters. I said so far as the financial aspect was concerned that would receive consideration the same as the others.

MR. RUSSELL: We put in that recommendation to assist the Commission in overcoming the financial as well as the constitutional disability of this province. We had to make a recommendation. I have heard other delegations that came up here asked; Have you any recommendations to make? We make the recommendation.

THE CHAIRMAN: Thank you, Mr. Russell.

BY MR. ST. LAURENT:

Q. Mr. Russell, without going at all into the merits of the brief, am I correct in the information I have received that the fourteen parishes on whose behalf there are signatures here, are parishes in the city of Winnipeg. A. Yes, sir.

Q. Were those who signed on behalf of these parishes specially authorized in any way to sign, or are they just prominent gentlemen? A. Two elected from each parish.

Q. By parish meetings. A. Yes, something like that, two elected by their trustees.

Q. They are two of the trustees? A. Yes.

Q. Of the parish? A. Yes.

Q. So that the signatures are those of two trustees?

A. I do not know whether they are all trustees; they represent men in each of those parishes.

Q. That is what I thought, two of the prominent parishioners in each one of those parishes signed this brief on behalf of the parish? A. I am on the trustee board of the Cathedral and the other one is chairman of the church committee and so on.

Q. There was no meeting to get any special authority?

A. Yes, there was a meeting. We had a meeting. They came to it. I explained it to them, read this out and discussed it and they signed it.

Q. Many of those who signed the document are members of the individual parishes? A. Do you want us to go out and get them in, sir. We will bring them all up here, if you like.

Q. I am just asking you. There was a meeting of those who signed but no meeting of the members of the individual parishes. A. No, there was not, but we can bring them up before you if you like, all the parishes.

Q. I assume the Catholic population of the province of Manitoba is very much larger than that part of it which resides in the parishes of the city of Winnipeg. A. Yes, about 45,000 in Winnipeg according to the census.

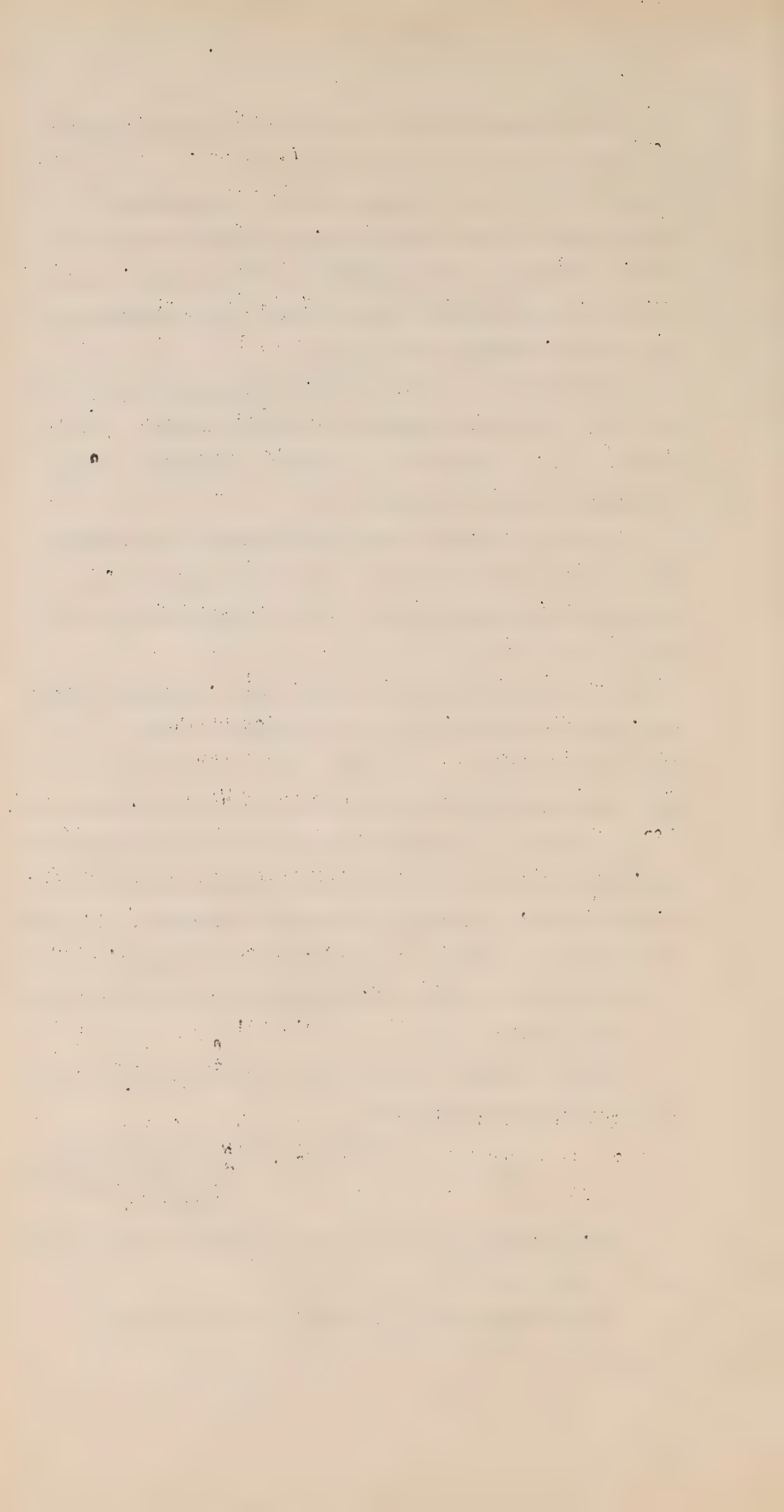
Q. Have you any idea how many there are in the province? A. About 200,000.

MR. ST. LAURENT: Thank you. A copy of this brief will be filed as exhibit 29.

EXHIBIT NO. 29: Brief submitted
by Catholic minority
of the Province of
Manitoba.

THE CHAIRMAN: The next brief we have to deal with is that of The Sound Money Association.

STUART HARRIS and J.C. METIAL were called and examined.



THE CHAIRMAN: Will you proceed, Mr. Harris.

MR. HARRIS: Mr. Chairman, and gentlemen of the Royal Commission, I have the honour of appearing before your august body as representative of the Sound Money Economy System Association. I presume that you gentlemen have before you a copy of the plan, and I shall just quote briefly from the plan itself.

To start with Section 91 of the British North America Act states that the reason for establishing a central government in Canada was to provide the people of Canada with law, order and good government. That is what the Sound Money Economic System stands for, and it is with that object in view that the plan before you gentlemen has been produced. I shall ask you to look at the top corner, and you will find a statement reading thus:

"The science of economic law by a better way displaces communism, socialism, social credit, and the gold standard system."

At the very top of the plan you will find a statement: "Mankind is the only intrinsic value God ever made." Now, gentlemen, it is on the basis of that statement that our entire plan is set up. The plan is based on the effectual working of the science of economic law. We submit that no system, that no government, that no economic community can function satisfactorily to the benefit of each individual in the state until we have established a sound measure of values or an intrinsic value that would measure all other values. We submit that we have in this system, "mankind is the only intrinsic value" the measuring stick of all other values, which must be the base of a sound economic system giving prosperity to each individual within the nation.

I am not making a statement without being prepared

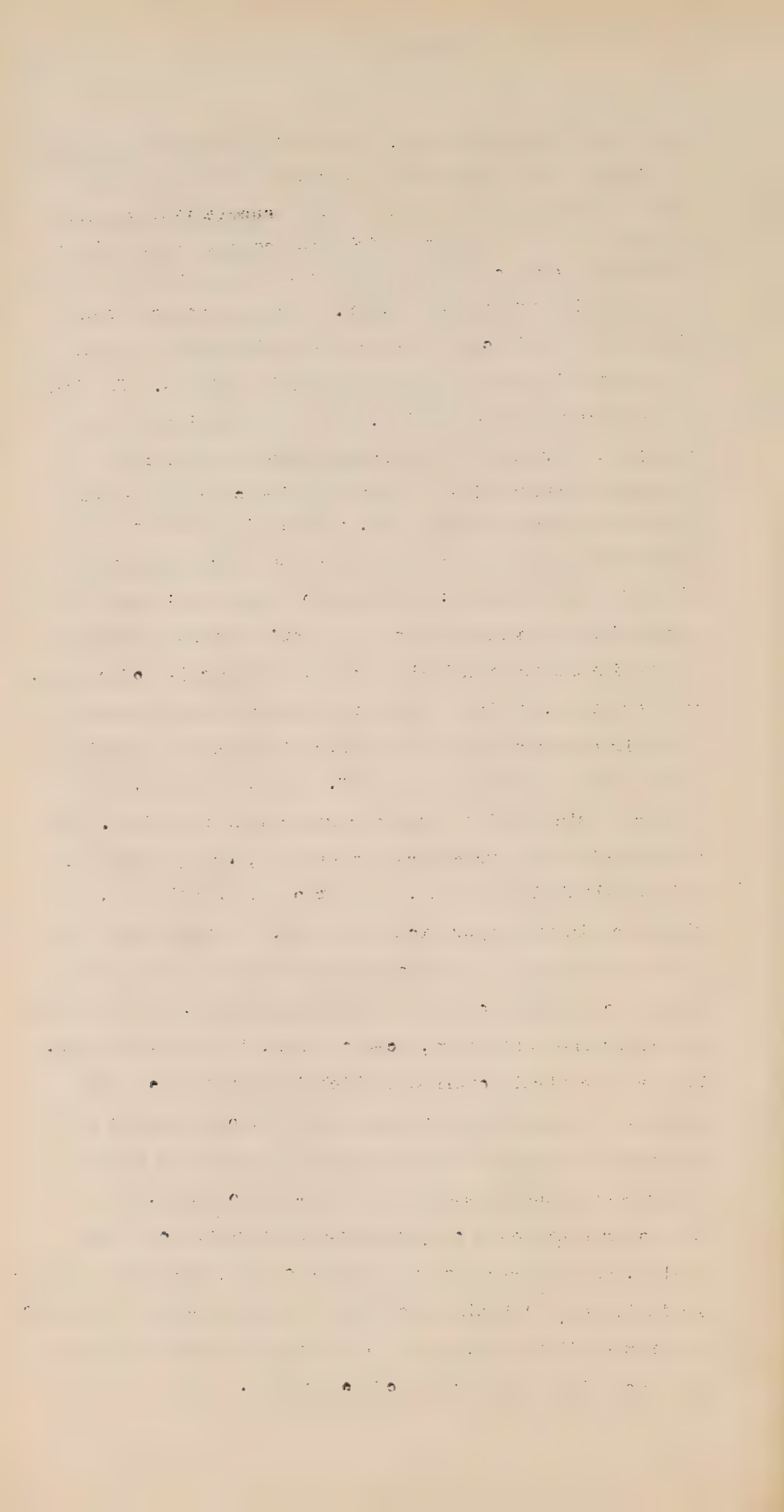
to prove it. I am prepared to prove that mankind is that intrinsic value. I am going to submit three inescapable proofs to prove that that is true.

THE CHAIRMAN: I think we can take it for granted that man is the indispensable value; he is the essential factor in all economic life.

MR. HARRIS: Thank you, sir. I should like briefly to outline three proofs. Proof one is found underneath this statement: "and God said 'let us make man, the consumer!'" I want you to note distinctly the word "consumer". You do not find that in the original text, but you find it in the subsequent text. And God said "Let us make man the consumer in our own image and likeness." Then, we submit proof one of the intrinsic value of mankind. Man, like his creator has all the intelligence and ingenuity necessary. We submit that man fell from the place in which he was put at the head of the economic system. We submit that in the great creator's plan it was necessary to place him at the head of the economic system, and in order to do that man had to be redeemed out of the depths into which he had got himself. I submit that at the bottom of the page you will find this statement under the heading of "the intrinsic value of man". "Christ died to redeem man, not gold, silver or precious stones." I submit that that is proof, too that man is "the only intrinsic value in the universe". We now come to proof three, which affects each one of us. I submit that there is no one thing that we can mention, no one thing that we can think of, no one thing that we can name that has any value other than the value that mankind gives to it. These three proofs, I submit, proves beyond the fear of contradiction that man is the only intrinsic value in the universe. I submit that man is the reason and cause of all business, of all trade, of all commerce; that he is the cause of government; that rightly constituted he is the government, by

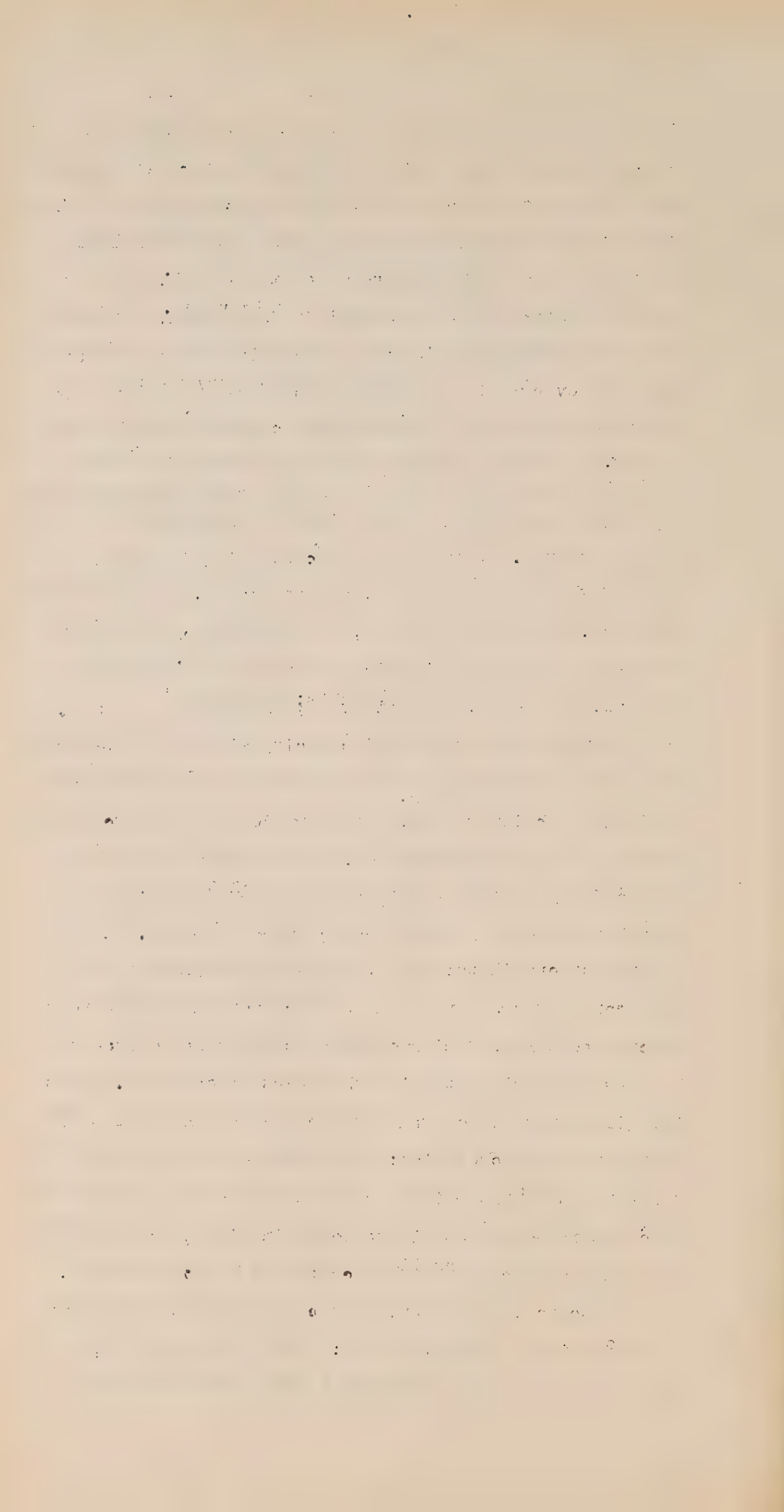
The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the atom. The second part is devoted to a detailed analysis of the experimental results. It is shown that the results are in good agreement with the theoretical predictions. The third part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance for the understanding of the structure of the atom. The fourth part is devoted to a summary of the results and a conclusion. It is shown that the results are of great importance for the understanding of the structure of the atom.

his chosen representatives. And having found this basis of economic value from which everything else takes its value in our economic system we then submit that man must be placed in the position which his economic value gives him in the world of trade, commerce, finance and all the economic life of the nation. Today we do not find him in that position; we do not find him treated as the one who is the reason and cause of all business. We find him unemployed unnecessarily, so we are submitting the remedy in this plan to end unemployment and poverty throughout Canada within a short period of a few months by the operation of this plan, once it is put into operation. A dictionary meaning of the word government given to us reads thus: "guidance or direction; the regulation and management of a nation's business affairs in the interests of all the people, irrespective of colour, race or creed, so that they can supply all their wants by their ordinary work and industry instead of supplying their wants by force or robbery". That, I submit, is a correct statement of what our government should be. We also submit that our central government, created under the British North America Act, and set out in Section 91, should be in full operation in Canada. I submit that all we need in Canada is one government instead of ten. The reason for that is obvious to thinking people. We have nine provinces who want to go, some of them, in different ways. We have a central government which is impotent for that reason. I submit that to establish law, order and good government in Canada it is necessary to have one central government which is made up by all the provinces, then the government would be unhampered in carrying out the wishes, and catering to the welfare of the people as a whole. As it is now, with nine provincial governments and a dominion government it is easy to see the handicaps under which we are labouring in the realm of government.



I am not now speaking so much from the point of view of sections that might be affected by such an arrangement, I am speaking entirely from the point of view of the benefit that would accrue to the people of Canada today, as a whole. The only reason we are here today is that we are thinking of the interests of the people. We have shown that mankind is the only intrinsic value. We have shown that mankind is responsible and the reason and the cause for every bit of business and industry that we have in Canada. I shall enlarge briefly on that for a few minutes. If you will look at the large wheeling the diagram before you gentlemen you will find it called the consumption wheel which is the largest wheel in the economic system. I submit that consumption is the driving force of the economic system, and not money. Money has its place, as you will notice, in the wheel immediately below the driving wheel, which is consumption.

Now, gentlemen, I submit this; If Canada's 11 million people were consuming to full capacity all the needs they could make use of, not only would there be no unemployment within a few brief months, but it would make room for millions more people in Canada, because we are unable to produce enough to supply the needs of Canada's 11 million people with full capacity consumption. Let me give you one illustration. If the Canadian people had bacon and eggs for breakfast each morning of the year it would require 900 million bushels of grain to produce the pigs and poultry to give that part of one meal. That will give some idea of what full capacity consumption will do when put into operation; and when the people are getting full capacity consumption and wages to enable them to make use of their God given rights found in field, forest, mine and sea as compensation for their work or services. I submit to you, gentlemen, that below the sound money wheel you will find a statement; "If a man work not,



neither shall he eat." That statement was made by one of our greatest economists, the Apostle Paul. It stands good today, or should stand good. But he at his day could not look forward and see that we were ever to reach a stage when man would not be allowed to work and produce to satisfy his wants as outlined in the dictionary meaning of the word "government". So that opposite that we have had to put in another statement; "that if a man is not allowed to work then he must be paid to eat". And that is what is taking place today. I submit that it is the relief situation in Canada today which is bringing, and has brought and will bring Canada to bankruptcy if allowed to continue. That it should continue is absolutely unnecessary, because, if we adopt the simple method of the first great divine economic law given to man, that he was to consume through his capacity from all things the wise creator places at his disposal, not only would there be no unemployment but we would never be able to reach the point in production where we would satisfy the total demands of the annual capacity consumption.

I pass on to the question of sound money. You will find, gentlemen, a wheel beneath the consumption wheel called "the sound money wheel". In that wheel you will find the statement "sound money is value for value." I submit, gentlemen, that sound money is produced by the brain and brawn of the Canadian people from the supplies placed in the earth by a bountiful creator, found in mine, forest, field and sea, and that our banks and our dominion government do not produce sound money in the sense that it is sound money, but, token money or a medium of exchange to act as an instrument of conveyance between producer and consumer. In this study before you our statement as to what constitutes sound money stands out in contrast to the many funny money theories which have been advanced by

these people. We have several of them in Canada today, some imported, whom we call "would be economists" who state that money flows from the point of a fountain pen. We submit, gentlemen, that that is not the case; that sound money is the product of man's ingenuity, ability and training, and that what is used by the banks - which is certainly O.K. - is only token money and not in itself sound money. An illustration may help to bring that point into the limelight. If a farmer produces 1,000 bushels of wheat on his farm and wheat is worth on the market \$1.50 per bushel, we submit that that farmer has produced \$15000 worth of sound money values, for which there should be in circulation \$15000 of token money to act as a conveyance between the consumer and the producer, thus enabling the consumer to consume and the producer to reproduce.

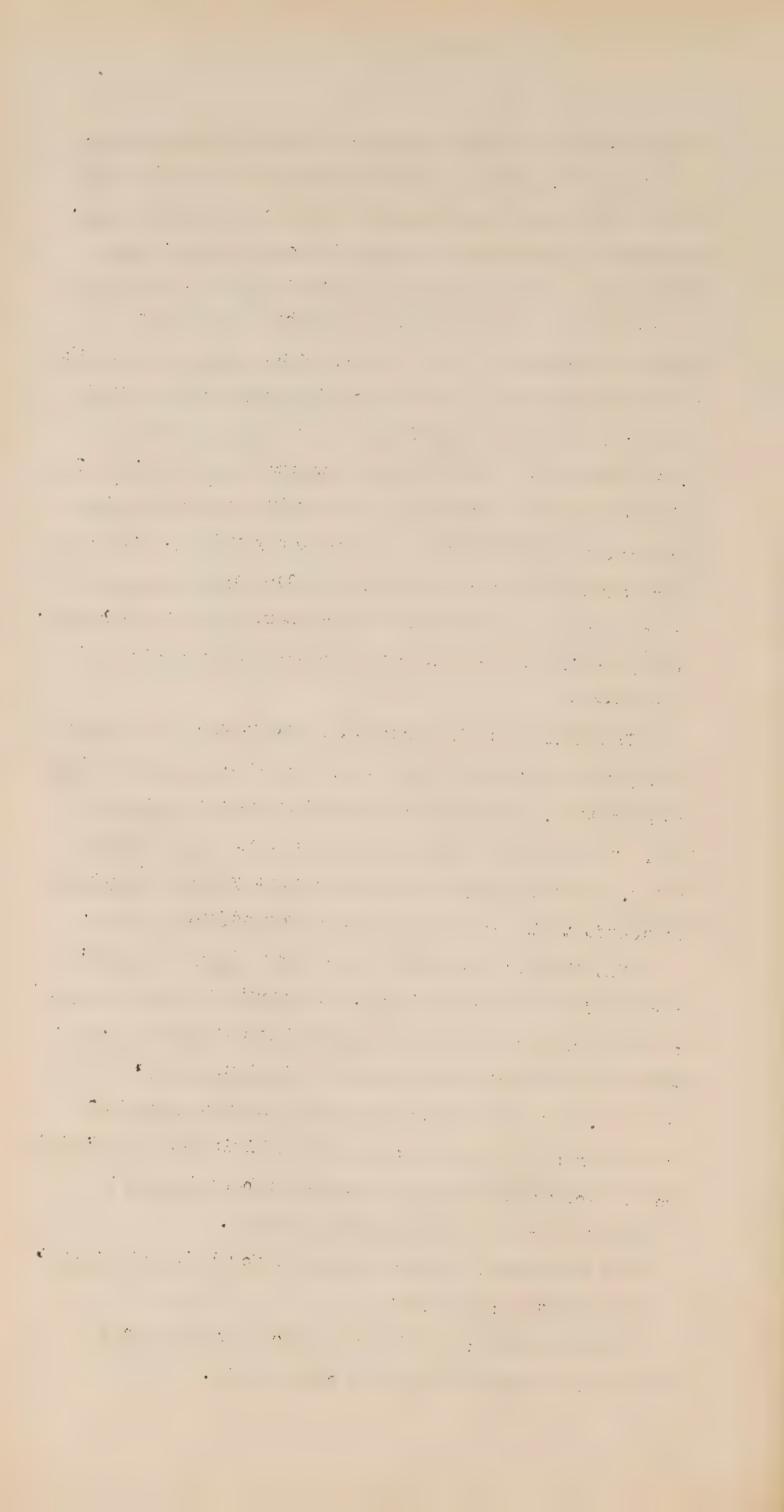
THE CHAIRMAN: Mr. Harris, I understood you to say that you were going to take only twenty minutes with your presentation. You have been talking longer than that now. You have set forth your views very fully in this brief. Is there any other matter that you want expressly to mention? We are past the time for adjourning now.

MR. HARRIS: There are a few more items to which I should like to refer briefly. We submit that the cutting of bond interest is covenant breaking and criminal, and aggravates the situation which it is intended to rectify. If I am a bond holder and I am dependent on the interest from these bonds for a living and a government comes along and ruthlessly cuts that bond interest I am deprived of half my purchasing power.

THE CHAIRMAN: Is that not set forth in your brief?

MR. HARRIS: Yes, sir.

THE CHAIRMAN: If it is set forth in your brief it is not necessary for you to repeat it.



MR. HARRIS: Well, in closing, I should like to state this; we sincerely submit that through the operation of this plan, the details of which are all worked out, unemployment and poverty could be ended within a period of a very few months.

COMMISSIONER SIROIS: When you say "we" whom do you mean? Whom do you represent?

MR. HARRIS: The Sound Money Economic System Association, sir.

THE CHAIRMAN: How many members have you?

MR. HARRIS: We have approximately from 10 to 15 thousand. We do not keep any special count; that is, around Winnipeg, but we have members all the way from Halifax to Vancouver. We are an infant organization running all the way from Halifax to Victoria. It is growing rapidly. It is entirely an economic organization. We are non-political and non-sectarian.

EXHIBIT NO. 30: Brief submitted by
the Sound Money
Economic System
Association.

THE CHAIRMAN: We will adjourn now and meet tomorrow morning at 10.30.

The Commission adjourned at 4.30 p.m.
until 10.30 a.m.; Wednesday, December 8th.

ROYAL COMMISSION ON DOMINION PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

E. Manitoba
Vol. 3, Part 1

DEC 8 - 1937

Official Reporters:

H. E. Oliver
T. S. Hubbard



WINNIPEG, MANITOBA, DECEMBER 8, 1937

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

 WINNIPEG, MANITOBA, DECEMBER 8, 1937

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Law Courts, Winnipeg, Manitoba, on Wednesday, December 8, 1937, at 10.30 a.m.

PRESENT:

HON. NEWTON W. ROWELL.....CHAIRMAN

DR. JOSEPH SIROIS)	
JOHN W. DAFOE, Esq.)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

Louis S. St. Laurent, Esq., K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary
Adjutor Savard, Esq.	Secrétaire Français

FOR THE MANITOBA GOVERNMENT:

Honourable John Bracken	Premier
Honourable William J. Major	Attorney General
Honourable Stuart Garson	Provincial Treasurer
John Allen, K.C.	Deputy Attorney General
Isaac Pitblado, K.C.	Counsel

FOR THE PROVINCE OF BRITISH COLUMBIA:

Senator J. W. Farris, K.C.	Counsel
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FOR THE PROVINCE OF ONTARIO:

D. W. Lang, K.C.	Counsel
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FOR THE NATIVE SONS OF CANADA:

C. Rhodes Smith, Esq.	
Professor A. R. M. Lower	

Law Courts,
Winnipeg, Manitoba,
December 8, 1937.

MORNING SESSION

The Commission met at 10.30 a.m.

THE CHAIRMAN: The first order this morning is the brief of the Home and Property Owners' Association of Winnipeg. I understand that Mr. Thorvalvson, and Mr. Greene are here on behalf of the Association.

Submission By

HOME AND PROPERTY OWNERS' ASSOCIATION, WINNIPEG

G. S. Thorvalvson (Solicitor for the Home and Property Owners' Association of Winnipeg) was called.

MR. THORVALVSON: Mr. Chairman and Members of the Commission:

"The Winnipeg Home and Property Owners' Association was organized three years ago, and as at November 1st this year has a paid up membership of 7,103. Whilst included in this membership are owners of large industrial and commercial buildings and of larger residences, yet the great bulk of our members are owners of small homes. It is the viewpoint of the small home owner which our Association desires to present to this Commission.

The City of Winnipeg has already informed the Commission that the city's chief source of revenue is the property tax. In rural and perhaps smaller urban municipalities, the burden of municipal taxation is distributed equitably amongst nearly all the citizens, as in these municipalities the largest percentage of the householders own their own properties. But such is not the case in Winnipeg. Our voters' lists to-day show that there are some 33,000 property owners as against some 80,000 tenants. And according to this year's civic budget these

"33,000 owners of property have to provide, through the property tax, approximately 85 per cent of the total revenue requirements of the City."

I might mention in connection with this figure of 85 per cent, that the Real Estate Exchange indicated in their brief that the owners of property had to contribute 92 per cent. But that 92 per cent, besides the actual levy on property, includes the Business tax and the Local Improvements tax. So when I refer to 85 per cent, that is simply the mill rate on Winnipeg property apart from the Business tax and the Local Improvements tax, which, of course, is also a tax on property. Continuing with the brief:

"In other words a minority group of citizens is being called upon to produce the revenue required to cover the cost of public services which are being enjoyed by all the citizens.

Referring to this figure of 85 per cent, we submit that the lands and buildings in Winnipeg do not represent the proportion of wealth to the total wealth of the City that this percentage of revenue from the property tax bears to the total municipal tax revenue requirements.

The inequity and unfairness of this distribution of taxation has long since been recognized. The Winnipeg City Council itself is officially on record as recognizing this, and it has signified its sympathy for a reorganization of taxation with a view to reducing the property tax. The City of Winnipeg offers as its reasons for not reducing the property tax has been that it cannot find compensating sources of revenue.

"In his Annual Report for 1936, the City Treasurer expresses concern at this situation. He mentions the rate at which property is reverting to the city through tax sale proceedings. He points to the continued reduction in assessment values, with practically no new construction to offset the same. To quote him verbatim he says that "Practically the only source of revenue which Winnipeg enjoys is the real estate tax; and this has been a source of endless trouble for the past few years, due to falling values. Taxes based on capital values and not on revenues can never be considered satisfactory."

In July, 1934, the city of Winnipeg engaged Mr. Thomas Bradshaw as a Commission of one to investigate Winnipeg's assessment and taxation situation. Mr. Bradshaw is an acknowledged expert on municipal finance and administration. The very first recommendation Mr. Bradshaw made in his report to the council was: 'There is undoubted evidence that a substantial reduction in real estate taxes is both desirable and imperative.'

Through tax sale proceedings, the city has acquired over 33,000 pieces of property, approximately $34 \frac{1}{3}$ per cent of the total properties in the city. The city could take title to many more at this moment if it so desired. A few years ago only vacant properties were being thus confiscated for non-payment of taxes. But the last few years has seen many homes and buildings going into the Tax Sale. The number of buildings acquired by the city has been more than double

"in the past four years.

The City's statement of tax arrears speaks for itself. At December 31st last year, the net tax arrears amounted to over $5\frac{1}{2}$ million dollars.

Each year in Winnipeg sees a decline in the number of property owners, which means of course that under this system of taxation, the remaining property owners have to shoulder the additional burden of taxation. In the past four years the number of owners shown on our Voters' List has decreased by 1,635.

The mill rate on property has steadily increased year by year, in 1913 the rate was 13mills, this year the rate is $34\frac{1}{2}$ mills. This mill rate of $34\frac{1}{2}$ has remained at this figure for the past six years due to statutory limitation. But in each of these years there has been some talk of the city having this limitation removed in order to secure even more revenue from the property tax. It is submitted that both the assessment and the mill rate have in the past few years been manipulated by successive city councils with one purpose in view; and that is to secure the very maximum amount of revenue out of the owners of homes and properties. And where it has not been possible to increase the mill rate, the assessments have been kept at a high level, and according to experts at a fictitiously high level, in order to produce the revenue from the tax.

Experts across Canada--

The experts referred to are mainly Mr. Bradshaw, and these facts are referred to in his report:

"Experts across Canada and in the United States

"agree that the present exorbitant tax on property has retarded the construction of new buildings. This is especially true in Winnipeg. As a matter of fact more buildings were torn down last year in Winnipeg than new ones built. It is true that some of these were demolished because of their condition, but a great number of them were torn down because the owners could not get sufficient revenue from them to pay the taxes.

This inequitable and exorbitant property tax is destroying, if it has not already destroyed, the desire and possibility of home ownership. We feel sure that all members of the Commission will recognize the seriousness of a situation such as this. Home owners are the backbone of any community. They have a definite stake in the community and they more than any one single class are interested in the progress and happiness of their community. Home ownership therefore should be encouraged--not penalized.

When the city was first incorporated, its municipal services were few. Municipal taxation therefore was comparatively light, and in those early days most of the householders were the owners of their properties so that the inequity of the property tax was not so apparent. But as years have passed, new municipal services have been introduced, mostly of a social service nature, and the additional expenditures have been loaded on to the property tax. When the city was originally incorporated it could not be foreseen that these additional services would become a municipal responsibility. Consequently, no

"provision was made in our original city charter to give the council power to levy taxes other than the property tax to pay for these services.

It is suggested that there is no just reason why a citizen should be required to pay any stated proportion of the total revenues required by the city simply because he owns a piece of property, a house or a building. But to-day we find that the owners of property are being taxed to produce revenue to pay for services having little or no relation to the ownership of property. The question 'How much taxation should property bear?' can best be answered by examining each department of municipal expenditure and finding out what relation each such expenditure bears to the ownership of property.

Without going into figures we submit that if the costs of public school education, social welfare work, unemployment relief, hospitalization and other social services were taken off the property tax--the property levy in Winnipeg would be cut by about 50 per cent. Home owners are willing to pay the full cost of services which are operated solely in the interests of property. Over and above that, they are willing to do their share in common with other citizens for services which are a benefit to the entire community and have no effect on the property one way or another.

The Commission will no doubt know that in England the cities and municipalities receive substantial grants from the central government to take care of certain services operated within

"those cities or municipalities. In England it is recognized that certain services of an educational or social service character are a national responsibility, and it is recognized that it is impossible for the local taxpayers to bear the full cost or any major cost of these services.

We cite the city of Manchester, for example. More than 25 per cent of the municipal income of that city comes from the central government, with the result that the property tax does not provide nearly so large a proportion of the Manchester civic revenue as it does in Winnipeg. In Manchester the property tax provides only 51 per cent of the total municipal requirements. In Winnipeg, as we have pointed out, it provides 85 per cent. In regards to educational costs, Manchester last year received a grant of $4\frac{1}{2}$ million dollars toward educational costs. In the event of the Commission recommending that some such similar grants to Winnipeg's municipal income should be made, the question will of course arise as to whether this grant is to come from the Province of Manitoba or from the Dominion government. In our opinion it would not relieve the situation of the Winnipeg taxpayer to any great extent if the provincial government were to make this grant, as a very large proportion of the income of the province of Manitoba comes from the Winnipeg taxpayers. And it is extremely doubtful whether Winnipeg taxpayers could produce any more money for municipal or provincial expenditures than they are at present--irrespective of what form

"the levy might take.

To sum up our views on the property tax in Winnipeg, we strongly suggest to the Commission that:-

1. The present system of requiring property owners to produce such a large proportion of the municipal income is inequitable and unjust.
2. If this present system is continued, the anticipated revenue will not materialize, which will mean that unless other sources of income are available to the city, our essential municipal public services would suffer.

We respectfully suggest therefore that two policies might well be considered:-

1. That a substantial reduction in the property tax be put into effect on the basis of charging property with the cost of only those municipal services which directly affect property.
2. That some proportion of the costs of certain services now a responsibility of the municipality, notably Public School education, Unemployment Relief, and Social Welfare be assumed by the Dominion government."

THE CHAIRMAN: I would refer you to one point in your brief, and I find this expressed in several briefs that have been filed with us. You make a comparison between the grants by the central government in England and grants by the central government in Canada, but such a comparison entirely overlooks the fact that in England there is but one govern-

ment, whereas in Canada we have two forms of government, the federal government and the provincial governments, and certain subjects, certain legislative powers and responsibilities, are committed to each. Therefore it appears to me that comparisons with the English system in reference to grants from the central government are likely to mislead one, and it is important that the distinction should be kept in mind. Do you not think so?

MR. THORVALVSON: Yes, Mr. Chairman, I readily recognize the distinction, and I also appreciate the difficulty involved in the situation.

THE CHAIRMAN: I have already expressed my views as to the educational question, and I have nothing to add to what I said yesterday. The Commission will give careful consideration to the representations made in reference to real estate taxation not only in this brief but in other briefs.

COMMISSIONER ANGUS: Yesterday the Greater Winnipeg Youth Council suggested that medium-cost housing should not be taxed at all, or if taxed, should be taxed at a very low rate. Would you agree with that?

MR. THORVALVSON: I certainly think that the property owner, whether large or small, should carry a certain share of the taxation on real property.

BY MR. ST. LAURENT:

Q. I have just one question, Mr. Thorvalvson. In the first paragraph on page 2 of your brief it is stated that "Through tax sale proceedings, the city has acquired over 33,000 pieces of property, approximately 34 1/3 per cent of the total properties in the city." Is that ^{34 per cent of} the total number of properties, or is it 34 per cent of the assessed value of the properties? A. I think that is 33,000 pieces

of property, 33,000 parcels. I believe I read the statement that one third of the area in Winnipeg was in tax sales.

Q. So 34 1/3 per cent would refer to the area, and not to the value of the property? A. No, it would refer to the area.

THE CHAIRMAN: Thank you. Your brief will be filed.

EXHIBIT NO. 31. Brief of the Home and Property Owners' Association, Winnipeg.

MUNICIPAL TAXATION OF GOVERNMENT-OWNED ENTERPRISES

THE CHAIRMAN: Mr. Major, you are aware of the suggestion that has been made that public utilities which are really business enterprises should bear their proper share of municipal taxation?

HON. MR. MAJOR: Yes, my Lord.

THE CHAIRMAN: One illustration of that would be the telephone system in the City of Winnipeg. We should be glad to have the benefit of your views on that matter because part of our duty is to inquire into the present system of taxation.

HON. MR. MAJOR: Of course, the Manitoba Telephone System is a public utility which is owned and operated by the provincial government, but all its rates and charges are subject to the Public Utility Board. When the set-up was originally made by the Utility Board, no provision was made for the payment of any municipal taxes, and consequently the rates levied made no provision for any such payments. I presume that at that time they took into consideration the provisions of the British North America Act, which provides that neither Dominion nor provincial property shall be subject to taxation. The result has been that the users of the telephone have got the benefits accruing as the result of their being no charge in the rates to provide for municipal

taxation. I may say that the province carries a capital debt of somewhere in the neighborhood, in round figures, of \$26,000,000 for the Manitoba Telephone System, but it never has received from the inception of the telephone business a single dollar of revenue for provincial purposes.

THE CHAIRMAN: It is not a profitable investment? It provides a service at much less than cost?

HON. MR. MAJOR: That is one of my quarrels with public ownership. One would naturally think that in operating a public utility it should at least make some return if only to provide for the eventualities that may arise and subject the taxpayer to the charges which may be levied against him.

When it comes to paying taxes to the city of Winnipeg on a public utility, we recognize it as a sound principle, but on the other hand, the revenues of the utility will not permit it to be done, and for the last seven or eight years the struggle to maintain the utility in an efficient and sound position has been extremely hard. We have not been able to set aside reserves for replacements and for storm damage, and we have had to seek permission from the Utility Board to apply to those reserves such balance as might remain after operating costs are paid.

We did, however, reach this understanding with the city of Winnipeg some five or six years ago. Recognizing, as I say, the principle that all public utilities should pay charges, we did reach this understanding with Winnipeg, that whenever there was a surplus in telephone operations in any one year we would apply that surplus without taking any portion of it for provincial revenues or setting any part of it aside for emergencies that might arise; and we would apply that surplus in making grants to all the muni-

cipalities in which we have telephone buildings. That entire surplus should be applied in making grants in lieu of taxes, without waiving the right we have under the British North America Act; and we did in two years make grants. But unfortunately we have not had surplusses yet. We have struggled very bravely, I think, and successfully in saving this utility. We have only to look to the province of Alberta to realise that the general taxpayer there has had to settle obligations of between fifteen and seventeen million dollars for the failure of their telephone system, and during the last four or five years the rural parts of that telephone system have been sold as junk to local bodies operating municipal telephone systems.

THE CHAIRMAN: We shall no doubt hear about that when we get to Alberta.

HON. MR. MAJOR: I have no doubt you will. When it comes to the question of paying taxes, frankly I would like to see taxes paid, but if taxes are to be paid there must necessarily be an increase in the telephone rates, and I venture this assertion that if the telephone users of Winnipeg were canvassed--and remember, my Lord, that these Winnipeg telephone users are also Winnipeg taxpayers--if they were canvassed as to which they would prefer, to have \$1.50 a year extra put on their telephones in order to enable taxes to be paid, or whether they would prefer to continue to pay for such services as the telephone buildings in Winnipeg receive to-day through their tax bills, I think you would find a very large preponderance of opinion in favour of maintaining the telephone rates as they are. That is the only suggestion I have to make. We must recognize, however, this, that in order to pay any sum at all to any municipality for taxes, there must be an increase ⁱⁿ rates.

THE CHAIRMAN: Let me ask you this question, Mr. Major.

Is that because you have extended the service beyond what a telephone company like the Bell Telephone Company would do? If the Bell Telephone Company were carrying on the service they would have to pay taxes, and I assume they would charge their subscribers a rate that would enable them to pay the taxes and give a reasonable return on the investment.

HON. MR. MAJOR: The rates that apply to-day in Manitoba certainly would not apply in the case of a private company. Their rates would be very considerably higher. As a matter of fact, our Telephone Commissioner tells me that the telephone service that has been provided in this city is the cheapest on the continent.

THE CHAIRMAN: Then the fact is that you are making the general taxpayer pay part of the cost of supplying the telephone service to those who use telephones in the city of Winnipeg?

HON. MR. MAJOR: That is not an unfair remark, although it must be recognized that the general taxpayer may be said to be generally a telephone user.

THE CHAIRMAN: Very often that is the case. Of course, the question I am raising now is not peculiar to Winnipeg. It is sure to be raised by every important urban municipality throughout the country. No one raises it in Ontario, where we have the Bell system. We want to get the benefit of your views.

HON. MR. MAJOR: When it comes to the question of other commercial enterprises, such as the Liquor Commission, we have paid real estate taxes on properties owned by the Government Liquor Control Commission from the very time we acquired properties for that purpose, in exactly the same manner as would an individual or corporation.

THE CHAIRMAN: There is just one other question, which also is raised in all these municipal briefs, and that is the general exemption from taxation of both federal and provincial government property used for government purposes. The contention of the municipalities, as you know, is that they must provide the regular municipal services applicable to the building, and they think it is a matter of equity that municipal taxation should be levied. I quite realize that under the British North America Act no tax is payable, but in effect they raise the issue whether that should not be changed. I assume that that is the effect of their representations.

HON. MR. MAJOR: I will outline just what the policy in Manitoba is in regard to lands held by the government or by any government body such as the Manitoba Farm Loan Board.

There are the general resources known as Crown Lands, but I do not suppose that anyone asks that taxes should be paid on them. When raw lands are sold or when any of the Crown Land resources are sold, they immediately become assessable and taxes are paid by the purchaser. If for any reason the land reverts to the Crown through failure to pay the purchase price, and if any of these lands are improved and leases should subsequently be given on these improved lands, the municipality is immediately notified of the leasing of such lands, and our law permits these improved lands to be assessed and it provides that the lessee shall pay the taxes. If any Crown Lands are rented out under hay permits or timber permits, our law provides that immediately the lease is signed or a hay permit granted, that land also becomes assessable and taxable, and as soon as such permit or lease is granted, the municipality in which the land is situated is notified, and the responsibility for collecting

taxes rests upon the municipality. So that we have made available to the municipality every possible source of revenue obtained from Crown lands.

I do not want to criticize any of the briefs, and I do not intend to engage in any acrimonious discussion; I am not going to ask permission to cross-examine on any of these briefs, but in fairness I must point out two or three errors that have crept in.

We have a Manitoba Farm Loan Board. Several years ago, sixteen or seventeen years ago, the province entered into a farm loan scheme, and a large sum of money was invested in farm loan mortgages. Many of those lands have returned to the Manitoba Farm Loan Board or to the province. In the brief submitted by the Union of Municipalities, I read on page 3:

"We urge that relief must be given to the municipal unit with respect to the following matters to enable the municipality to function properly;

1. Lands owned by the Manitoba Farm Loans Association, Soldier Settlement Board, and the Canadian Farm Loan Board, heretofore exempt from taxation.... be declared taxable."

All Farm Loan lands that have returned through foreclosure or surrender of equity pay taxes in full to the municipality in which those lands are situated, and if the Board in its judgment determines that it is not worth holding, that there is no value in it, instead of forcing the municipality to tax sale proceedings, transfers the land to the municipality so that it can deal with it as it likes. So the claim that the Manitoba Farm Loan Association lands are exempt from taxation is not correct.

I have dealt with a number of other lands owned by the

government. On lands such as the Parliament building and such other buildings no taxes are paid other than those which come under what are known as local improvements, for services such as water, frontage taxes, and so forth. Those taxes are paid. That I believe completes the list of lands owned by the province and explains the policy of the government in regard to taxation.

THE CHAIRMAN: I understood some of the briefs to suggest that public buildings on provincial lands should be subject to municipal taxation, and I just want to get your views on that.

HON. MR. MAJOR: If the revenues were available to permit anything to be done to relieve the land---I believe, my Lord, that the burden of the briefs that have been submitted is that the land is too heavily taxed, and everything should be done to relieve it. In our brief regarding the municipalities we show that we have done whatever was possible so far as finances would permit. We have raised taxes in other directions to such an extent that we are subjected to very great criticism, but it has been done not only to meet provincial responsibilities, but also to relieve the land from taxation. I have set out in the list that has been submitted the various levies that have been made in the past twenty or twenty-five years for various services for which money had to be obtained, and for which no other source was available, except the source that was mentioned, and I have shown how we have proceeded to relieve the land from those various charges in the last ten years. I might for the sake of illustration show you what we have done in one particular municipality, and I am going to refer now to the city of Winnipeg.

The city of Winnipeg has a large population, and many

of its citizens need and receive assistance. I am going to take Child Welfare and Mother's Allowances, for which one of the briefs yesterday said the land was still being taxed. As a matter of fact, the land has not been taxed for Mother's Allowances or Child Welfare since 1930. There was a period in the history of this levy when the City of Winnipeg paid in one year as much as \$136,000 for Child Welfare: To-day it does not pay one cent through its municipal taxation.

THE CHAIRMAN: Is that all provided by the provincial government?

HON. MR. MAJOR: It is all provided by the provincial government, and incidentally I may say that in the City of Winnipeg alone the provincial government paid during the last fiscal year to those in receipt of Mother's Allowances, \$163,078.00, all of which had to be found by other means of taxation.

Then in addition to that, may I say that among these levies that were imposed from time to time there was one known as the Supplementary Revenue levy. It was mentioned yesterday that the government took one half of the liquor profits which the former law provided should be given to the municipality. It is true they were taken in 1928, when the new liquor law came into effect, but of the Supplementary Revenue levy, which had been imposed away back many years ago to supplement provincial revenues, one mill of that was entirely abolished, and in 1929 the entire levy was abolished. Winnipeg itself on that levy paid in one year no less than \$471,000.00 to supplement provincial revenues. None of that is being paid to-day. The whole levy was abolished, and the land was relieved from that levy in 1929 or 1930. And so with a good many others of these levies.

Old age pensions, that levy, of course, still continues. It was quite high. In one year it was \$229,000.00; last

year it was \$122,000.00, by reason of the fact, of course, that the Dominion had assumed the greater portion of the cost. The old age pensions paid to pensioners in the City of Winnipeg amount to \$740,000.00, of which Manitoba had to find \$340,000.00 as its share, being fifty per cent of the twenty-five per cent that the province has to find. The other fifty per cent is levied upon the municipalities.

You hear a lot about social services, and we are told that the province should contribute towards the cost of these services, and that the city should be relieved entirely of certain services. If that could be done, it would be done. But the province does not escape from providing these services. As a matter of fact, it provides them all. It has to find the revenue for them, and it is done through this levy.

But there are many other services for which no levy is made, and which come out of provincial revenues. For instance, those unfortunate people who have to be committed to insane asylums, whether they are from Winnipeg or any other part of the province, have to be provided for out of provincial revenues. We maintain asylums at Brandon and at Selkirk. We maintain a home for mental defectives at Portage La Prairie. We also have a psychopathic ward in Winnipeg, and for those patients who came from the City of Winnipeg last year the province paid over \$180,000.00. We have to maintain the aged and incurables, and we have to maintain Refuge Homes, and the share which the residents of the City of Winnipeg costs us is something in the neighbourhood of \$40,000.00.

Then we have to maintain our provincial jails. It is true that we do not help the city police in preventing crimes, but once a man is convicted and sentenced he goes to jail, and we have to maintain our jails, for which no

levy is made on Winnipeg or any other municipality. In the Eastern judicial district, which is largely made up of Winnipeg, it cost \$100,000.00 last year to maintain the jail.

Then for the delinquent boys, many of whom come from the city, we have to maintain Detention Homes, and their entire cost is borne by the province, for which no levy is made.

In addition to that, we have our Juvenile Courts, We maintain and pay all the expenses of these courts, and the city is not asked to contribute to that at all. The larger portion of the burden rests upon the province, for which the province pays in full; and if we were in a position, my Lord, to pay the other portion--and it is more than likely if the relief we ask is granted that there will be greater allocations made which will go towards relieving the land from the taxation which is now levied on it for some of these services, particularly in regard to old age pensions and unemployment relief.

THE CHAIRMAN: Thank you.

MUNICIPAL TAXATION OF GOVERNMENT-OWNED ENTERPRISES

HON. JOHN BRACKEN, Premier of Manitoba, was called.

THE CHAIRMAN: Mr. Bracken, will you give us your views on the union of the three prairie provinces. But first, if there is anything you desire to say by way of supplement or comment on any of the briefs that have been filed with us, we shall be glad to hear you,

HON. MR. BRACKEN: Mr. Chairman, with respect to the briefs that have been filed, I have not had an opportunity of giving any further consideration to them. I am sure there are observations that one could properly make on some of the briefs, but I have not prepared any and do not propose to make any.

But perhaps I might be permitted to refer for a moment to what the Attorney General said with regard to the payment of taxes on government-owned property. The position seems to be perfectly clear. Legally the municipality is not in a position to impose taxes on government-owned property, but it would seem that taxes should be paid certainly on commercial enterprises. I do not see that we can defend the practice of not doing it. It must be remembered that when the government goes into enterprises of this kind and locates its headquarters in a certain community, it confers certain advantages on that community, as is evidenced by the fact that the community itself objects strenuously to having the headquarters removed anywhere else, even though it pays nothing in revenue. So there are arguments on both sides, and I am afraid I shall have to leave it to you to express your opinion.

With regard to the telephone system, one would need to know the whole history of that situation before one could arrive at what would be the best thing to do, but this particular public enterprise has been saved in Manitoba, and it has been saved at no cost to the general taxpayer because in so far as payments have been made, they have been made in the communities where there are telephone buildings. It so happens that the urban communities carry tremendous losses on the rural lines which have been carried in order to save the system as a whole, because, of course, there are indirect advantages in having the system throughout the whole province. If we had done what has been done in some provinces, those lines would have been lost. But here in Manitoba they have been saved, and the institution is on a sound basis. It is paying to the government all costs, and I mention that because I gathered from one of

your remarks, Mr. Chairman, that perhaps you do not appreciate that Manitoba has lost no money on its telephone system. I gathered from one of your remarks that it would not pay full interest on the investment, on any monies advanced to it.

THE CHAIRMAN: What I understood from Mr. Major was that no interest had been paid.

HON. MR. BRACKEN: They pay the full interest on the investment and have done so from the beginning.

HON. MR. MAJOR: It paid nothing to the provincial government for provincial revenues, but it paid its carrying charges.

THE CHAIRMAN: Oh, I beg your pardon.

HON. MR. BRACKEN: The service is being provided at cost, and the government expects no revenue from it; in fact, it would refuse to take it if it were there. If the system gets into a better position, they can express that in the way of rates, rather than in profits to the government.

THE CHAIRMAN: I did not raise this question by way of criticism at all, but just to get the views of ^{the} government on the question that has been raised here, and which will be raised across Canada because similar situations exist in other provinces.

HON. MR. BRACKEN: On principle I would say that, from the point of view of the municipality, a government-operated commercial enterprise should pay taxes. On the other hand, there is this to be said, that when the government goes into a business of that kind and locates it in a particular locality, it confers a benefit on that locality which other localities do not get, and that is perhaps an offsetting argument when you come to balance the two. I leave it to others to decide.

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UNION OF THE THREE PRAIRIE PROVINCES

HON. MR. BRACKEN: Mr. Chairman, on Thursday last, you asked for an expression of our views on the question of uniting certain groups of provinces into larger units so that instead of having nine provinces in Canada there would be but five--the Maritimes; Quebec; Ontario; the Prairie Provinces; and British Columbia and the Yukon.

(Page 1140 follows)

Our views on this matter, in so far as it affects the prairie provinces, were expressed almost six years ago and have not altered substantially since.

I wish, therefore, to file with the Commission a copy of that portion of a letter of January 12th, 1932, in which our views respecting this matter were expressed."

For your information, Mr. Chairman, I propose to read a part of that letter; and if the Commission is interested in obtaining certain observations from private individuals across Canada, and certain press comments, with respect to the subject, and with particular reference to the views of Mr. Justice Turgeon, who perhaps contributed more of a constructive approach to the question than anyone else at the time, we will let you know what our opinion is -- and it is only an opinion.

THE CHAIRMAN: As regards the views of different individuals, we shall of course receive the opinions of the other governments and of individuals in the provinces which we shall visit.

MR. BRACKEN: Perhaps, then, we can pass that over.

THE CHAIRMAN: If it is in the document, you can file it and we shall have an opportunity of studying it.

MR. BRACKEN: The portion of the letter to which I refer is as follows:

" Personally I would like to see the committee go even further in the direction of economy than has been proposed. There are 181 members in the three Legislatures of the prairie provinces, 55 in Manitoba, 63 in Saskatchewan and 63 in Alberta."

I believe there have been reductions in some of the other provinces since that time.

" Each of these Legislatures holds one session every year. We ought to be able to get along with one-half of the total number of members, and we ought to consider whether one Legislature instead of three would not be to the general advantage of the west including Manitoba.

I would suggest that the Committee bring in a recommendation to the Legislature not only in favour of a smaller number of members and a fairer method of representation, but also in favour of asking the other governments to join with us in having the whole question of but a single government for the prairie provinces carefully examined with a view to laying before the public the advantages, and the disadvantages if there are any, of such a proposal.

With nearly 100 less members in the prairie Legislatures, with one session instead of three each year, with avoidance of triplication in administration and of officials, commissions and boards, with elimination of triplication of several University and other departments -- and in a score of other ways -- I am of the opinion that while the immediate economy would be considerable, the ultimate saving as the years go by would reach to millions of dollars. If in addition the prairie provinces can be put into the position of being able to speak with a united voice in the Councils of the dominion it would seem to me to be of very great advantage.

I would suggest that the Committee send in a recommendation that this proposal receive full investigation by a body of men representing the

" three governments with a view to determining the measure of its desirability, and outlining the steps necessary to bring it about should it be considered wise to proceed with it.

It should be said that at the time when this letter of January 12, 1932 was written there was not before us as detailed an analysis of Manitoba's Treasury expenditures as is now available. It is now apparent from our analysis that the bulk of our provincial expenditures would remain relatively unaffected by such a change. The heavy increases in provincial expenditures have been in respect to those items which would remain relatively unaffected by the amalgamation of the three prairie provinces. The suggestion that the ultimate saving would reach to millions of dollars would therefore seem in the light of our present knowledge to be rather an overstatement.

As I said in reply to your question, our views received such a mixed reception by the public and the press in all three provinces that we were but little encouraged to urge it further upon the other provincial governments. In case these comments by others may be useful to the Commission, I have had some of them extracted and summarized for your information."

THE CHAIRMAN: You refer to a Committee. Was it a Committee of the Legislature?

HON. MR. BRACKEN: There was a Committee dealing with the question of redistribution and reduction in the number of members of our own Legislature. We were recommending a certain reduction in members and we made

other proposals looking towards economies.

THE CHAIRMAN: Did that Committee make any recommendations?

HON. MR. BRACKEN: No. There were differences of opinion and the matter was passed on to the legislature; but the Legislature took no action for the reason that, in the meantime, it had become apparent that in other provinces there was considerable objection and there would not be unity of approach to the question.

There are observations by Premier J.E.Brownlee of Alberta; Premier J.T.Anderson of Saskatchewan; Dr. Murdoch MacKay, Provincial Liberal Leader; Mr. Travers Sweatman, K.C.; Mr. T.R.Deacon, former Mayor of Winnipeg; Professor A.B.Clark, Professor of Economics, of the University of Manitoba; Colonel F.G.Taylor, K.C.; Provincial Conservative Leader; Mr. P.L.Hyde, former Member of the Saskatchewan Legislature; Mr. F.W.Turnbull, K.C., Member of Parliament for Regina; Mr. J.C.Cross, K.C., former Attorney General for Saskatchewan; Mr. D.A. McNiven, K.C., former Member of the Legislature of Regina; Colonel F. C. Jamieson, K.C., Edmonton, Member of the Legislature of Alberta; Professor G.A.Elliot, Professor of Economics at the University of Alberta, and Mr. T. A. Patrick of Yorkton, Sask.

Some of the views expressed by these gentlemen were favourable and other unfavourable. Mr. Hyde said: "Great minds think alike and I favour the idea of one government for the three prairie provinces". Another gentleman said: "Though I have not given the matter much consideration, I don't think it is practicable. I think it is just a pipe dream". Probably therefore the truth lies between these two extremes. Perhaps you should hear a sentence or two from the opinion expressed by Mr. T.A.Patrick:

" For the second time in the history of Canada a Premier has been seriously stricken with a mania for things big. Premier Haultain was so seriously stricken that he clamored for one province including the whole of the North West Territories and extending from the International boundary to the North Pole."

That was before the province of Saskatchewan was formed.

" Just why he did not try to take Manitoba as well has never been explained; but in due course the sounder judgment of the Parliament of Canada, having first set apart the Yukon Territory and extended the boundary of Manitoba to the sixtieth parallel, established two provinces in the territory intervening between British Columbia and Manitoba So large have six of our provinces grown, both geographically and constitutionally, that some of their Premiers have been stricken by that megalomania which afflicted Premier Haultain when he, governing a larger territory than any province, began to think of Canada as consisting of two parts, the old North West Territories and the remainder."

THE CHAIRMAN: If you file that statement with us we shall be interested in looking over its contents.

HON. MR. BRACKEN: I am afraid that you and I are in a class with Mr. Haultain.

THE CHAIRMAN: I am looking forward to the perusal of the opinions contained in that statement.

HON. MR. BRACKEN: I have not included a full report of what some of these gentlemen had to say. There were press comments by the Winnipeg Tribune, quoting

The United Farmers of Canada, Saskatchewan section, who turned down a resolution urging that the three prairie provinces be combined into one. Some of these organizations opposed the proposal so strongly that it was felt that it would not be fruitful to follow it up.

There were comments also by the Financial Times, the Edmonton Journal, the Ottawa Citizen and the Border Cities Star; and you may be interested to know that the Winnipeg Free Press did not see fit to take a pronounced attitude on the matter.

THE CHAIRMAN: That is satisfactory.

HON. MR. BRACKEN: Comments were made also by the Calgary Herald, the Vancouver Province, the Montreal Gazette, the Canadian Forum and the Edmonton Journal.

I believe, Mr. Chairman, that it would be profitable to take five minutes to read over a portion of a contribution to the subject made by Mr. Justice W. F. A. Turgeon, of Regina. He perhaps gave more constructive thought to the matter than anyone else whose views I have read. The whole article may be found in Maclean's Magazine of February 1, 1932. Here are some extracts which I believe give in substance the views he expressed:

" During the half dozen years which preceded the organization of Alberta and Saskatchewan in 1905, the government of Manitoba cast covetous eyes upon the vast and rich territory lying immediately west of it, and efforts were made to persuade the inhabitants of a large portion of that territory to consent to annexation to the older province.

The question became such a live one that it was debated at a public meeting held at Indian Head on December 18, 1901, the supporters for the

"affirmative and the negative, respectively, being Mr. Roblin -- now Sir Rodmond Roblin -- Premier of Manitoba," ---

He is now deceased.

"-and F.W.G.Haultain -- now Sir Frederick Haultain, Chief Justice of Saskatchewan -- Premier of the Northwest Territories. Mr. Haultain was a strong advocate of provincial autonomy for the Territories as an independent unit, and he opposed the designs of the Manitoba government with all his energy. The agitation in favour of annexation steadily lost strength after the debate at Indian Head, and it had entirely spent itself by the time the dominion Government decided to confer provincial autonomy upon the Territories.

Mr. Haultain and his government favoured the establishment of one province to include all the area now comprised in Alberta and Saskatchewan."

The Dominion Government opposed the view, and the government which later became the government of Saskatchewan also opposed it. To continue:

" When Sir Wilfrid Laurier introduced into Parliament the Autonomy Bills providing for the creation of two provinces, Mr. Haultain sent him a letter of protest, in which he summarized his views in opposition to the proposal. He pointed out that the Territories had, for a number of years, been under one government and one legislature, performing most of the duties and exercising many of the more important powers of provincial governments and legislatures; that it had

"never been suggested that the Territorial autonomy was inadequate for the purposes for which it had been created; that the people of the Territory had acquired a political individuality as distinct as that of the people of any province; that the provincial machinery is elaborate and expensive, and is more suitable to large areas and large populations; and that no good reason had been advanced for dividing the territory into two parts, with the consequent duplication of this machinery and of all provincial institutions."

That was Sir Frederick Haultain's view at the time.

" In his speech on the Bills in the House of Commons, Sir Wilfrid Laurier said that in the opinion of the government it was inadvisable, in the interests of Confederation, to create a single province containing an area much greater than that of any of the older provinces."

That was Sir Wilfrid Laurier's view at the time.

" After the lapse of a quarter of a century the considerations which Mr. Haultain advanced in 1905 in favour of a large province in the Canadian west have been brought forward once again for discussion.

The proposal for a union of the three provinces of Alberta, Saskatchewan and Manitoba contains, therefore, nothing that is undesirable from a national point of view or unsound from the standpoint of the people concerned, as was the union between Ontario and Quebec which was tried without success in the period between 1841 and 1867.

" Since, then, the proposal to unite Manitoba Alberta and Saskatchewan as one province cannot be met by any objection either of paramount national importance or based upon radical differences in the character and the outlook of the people concerned, it is the privilege of these people to decide for themselves whether or not they desire the union to take place. The discussion recently begun on the subject has not yet spread far enough abroad to justify the drawing of any conclusions as to what the view of the people may be. There is no doubt, however, of the general desire for economic and political reform of the sort I have indicated.

Great obstacles of a material order lie in the way of union, and make its accomplishment a matter of no small difficulty. It would have been easy in 1905 to put into effect Mr. Haultain's policy of one province instead of two for Alberta and Saskatchewan. The machinery of single government had then been in existence for some time, and it might easily have been made to function under the additional responsibility of complete provincial autonomy. But the opportunity was lost, and I now believe that a mistake was made. It is because I served for more than thirteen years as a member of one of these western governments that I have some practical knowledge of the question I am discussing.

Those who are now advocating the union not only of two but of three provinces, are confronted with conditions which are the result of many years growth. Three cities have become provincial

"capitals, three provincial universities have been established, all other important and necessary institutions exist in triplicate, and, what is perhaps more serious than anything else, each of the three units has contracted its own financial obligations. Pressing necessity alone could bring about a voluntary liquidation of this state of affairs, and the new order could be established only by the exercise of great courage and great generosity on all sides. But a similar union of interests and of liabilities has been discussed from time to time in the maritime provinces, and it is admittedly within the range of political possibility."

That, I believe, is the most constructive statement I have seen on this question.

" You asked for our views as to possible savings in public expenditure and as to the practicability of the proposal. These may be stated very briefly."

And let me say that they are only opinions; the matter has not been examined fully enough for anyone to be justified in holding a positive view that would be worth much.

" As to possible economies, close estimates could not be given without a more thorough analysis of the proposal than has ever been given. We are of the opinion that considerable economies would be effected. It is our view that these would not be great at the beginning, but would show themselves more and more as time goes on when further requirements for public buildings and other public works, as well as the necessary

"extension of existing services, are being provided.

As to the practicability of the proposal, it is our opinion that while there would be difficulties to overcome it is quite within the realm of practicability. Its accomplishment, however, would be possible only if approached by governments and public alike in a spirit of willingness to have the question examined before reaching even a tentative decision in the matter. If such an examination showed that considerable economies and other advantages were in the public interest, it would even then be necessary on the part of the different governments and the public in each province to make such mutual concessions as might occasion local opposition of a weight and character that would be difficult to overcome."

A few moments ago, Mr. Chairman, you were discussing taxation on Crown lands and Crown properties. I am quite sure you did not have in mind the Parliament Buildings of Manitoba. We are not paying taxes on the Parliament Buildings except some local improvement taxes in connection with the streets around the buildings; but if we attempted to move this institution from Winnipeg to Regina I am afraid that this community would consider that we were relinquishing considerable advantages.

THE CHAIRMAN: They would rather have you stay here without paying taxes?

HON. MR. BRACKEN: I rather think so.

" In my letter of January 12, 1932, which has been quoted, I suggested that the three prairie

"governments join in making a thorough inquiry into the merits and demerits of the proposal to have one government instead of three. Manitoba is still willing to approach the question in that way but I would suggest that this Commission would confer a very great favour upon not only the prairie provinces but the Dominion of Canada as a whole if it would itself undertake to make a study of the economies that could be effected by such a union. If it is wise the people of the prairie provinces should know it in order that they may determine their future course in the light of the facts. If it is unwise Canadians as a whole should know it so that further efforts need not be wasted in promoting it. The results of an impartial study by a competent body would be accepted as reliable by a great majority of our people and would facilitate an intelligent disposition of the matter.

Obviously the governments of the three provinces and the people who elect them alone have the power to deal with the matter. If the proposal is to the public advantage, it is first a question of determining facts, then letting them be known and hoping that public opinion will reach a wise decision in the light of the facts disclosed.

In the meantime opinions on the matter, whether favourable or unfavourable, should not carry too great weight.

Once all the facts are presented in an impartial manner by a competent body an intelligent decision

"can then be reached. My personal opinion is that the proposal, if adopted, would in the long run be of very great advantage to western Canada and to Canada as a whole. That, however, is but an opinion. In any case we are definitely of the view that the proposal is well worthy of careful examination by a competent body and providing the other governments are willing, we should be very glad to cooperate with them and with the Commission in providing all the information available in order that an intelligent judgment may be reached with respect to the proposal."

COMMISSIONER ANGUS: If health insurance were made a government function, do you think that it should be allocated to the Dominion or the province?

HON. MR. BRACKEN: I hesitate to answer that important question, sir, without some thought. We have very definite views with respect to unemployment insurance, and we have thought of health insurance in the same category, but I do not know that it may be regarded as a considered opinion. That is my judgment, but it is not a considered judgment.

COMMISSIONER ANGUS: In some provinces the issue has come very much to the fore -- in the province of British Columbia for example.

HON. MR. BRACKEN: Do they consider it a provincial matter? Is it their opinion that it would be better if it were under provincial jurisdiction?

COMMISSIONER ANGUS: A provincial Act was passed but was not put into effect, and the idea was to wait and see whether the Dominion would act or not.

HON. MR. BRACKEN: My opinion, if I gave one, would not be based upon a mature study of the subject; but our idea up to now has been that it would be preferable to have it dealt with as a Dominion responsibility.

THE CHAIRMAN: As the subject may come up and may be an important one, from the point of view of any recommendations that might be made, we should be glad if you would indicate to the Commission your considered view.

HON. MR. BRACKEN: With reference to health insurance?

THE CHAIRMAN: Yes, as to whether it should be under Dominion or under provincial jurisdiction.

HON. MR. BRACKEN: Yes, I shall be glad to do that. At the moment the chief determining factor is the question of our ability to do these things.

THE CHAIRMAN: Quite so.

HON. MR. BRACKEN: We are not going to start anything of the kind under present circumstances, whether it would be advisable for the provinces to undertake it or not.

THE CHAIRMAN: Our point is as to where, in your opinion, it is desirable in the public interests that the jurisdiction should lie to deal with the matter?

HON. MR. BRACKEN: We shall be glad to indicate our view.

THE CHAIRMAN: One further observation. In the briefs sent in by various bodies -- the Union of Rural Municipalities, the City of Winnipeg, the Municipality of St. James, the Municipality of East Kildonan, the Municipality of West Kildonan, the Winnipeg Public School Board, the Manitoba School Trustees Association, the Manitoba Teachers' Federation, the University of Manitoba,

the Catholic Minority of Manitoba, the Winnipeg Real Estate Board and the Home and Property Owners Association -- there are certain matters which clearly fall within provincial competence and do not come within the scope of this Commission's inquiry. I am sure that the Commission may assume now that, these briefs having been brought to your attention, the matters contained in them will receive consideration at the hands of the government.

HON. MR. BRACKEN: I think I may say, Mr. Chairman, that we have been considering matters of the kind for the last fifteen years and we expect that we shall be considering them for the next fifteen or twenty or thirty years, and we shall be glad to continue to give them our best consideration.

THE CHAIRMAN: When I pointed out that it was beyond our scope, some of them suggested that they wanted these matters on record. Now therefore that they are of record, not only before the Commission but before your government as well, and in view of the fact that they do not fall within our jurisdiction, we assume that they will receive whatever consideration you feel that these representations merit.

HON. MR. BRACKEN: I assure you Mr. Chairman, they will receive that consideration; and in addition to that, I may tell you that we encourage them in every possible way to let their opinions be known. I am sure you do not want any debate here on the merits of those opinions.

THE CHAIRMAN: Oh no.

HON. MR. BRACKEN: If you do, why, at any time we are prepared to debate them.

THE CHAIRMAN: No; it is a realm into which we

feel that we cannot properly enter. We do not either express any opinion ourselves or ask you to express any in reference to the matter, except to indicate, as we indicated to the parties presenting the briefs, that the matters with which they dealt fall within provincial competence.

MR. ST. LAURENT: The statement presented by Mr. Bracken will be marked as Exhibit No. 32, Exhibit No. 31 being the brief of the Home and Property Owners Association of Winnipeg.

EXHIBIT NO. 32: Statement submitted by Hon. Mr. Bracken.

THE CHAIRMAN: This, I believe, concludes our sittings here; but last night we received another brief on behalf of the Native Sons of Canada. We will listen for a short time to the presentation of the main points of this brief, but it must not be taken as a precedent that we shall in other hearings accept briefs at the last minute and give them consideration. All briefs should be presented in due time, before the Commission meets, so that there may be an opportunity to examine them. We do not, however, wish to refuse to give consideration to any matter that is brought before us, but we must strictly limit the time to be devoted to the brief now presented, because it is absolutely necessary that the reporting and mimeographing staffs should complete their work here to-day in order to take the train to-night for Regina, where we open to-morrow. In the circumstances, I am afraid that we can spare but a short time for this brief.

HON. MR. BRACKEN: May I say, Mr. Chairman, that the

brief will be introduced by Mr. C.Rhodes Smith and presented by Mr. A.R.M.Lower. Mr. Smith, one of the Aldermen of the city, is a member of the Native Sons of Canada.

PRESENTATION BY THE NATIVE SONS
OF CANADA:

ALDERMAN C.RHODES SMITH: Mr. Chairman, we appreciate very much your extreme courtesy in permitting us to take up some of your time this morning. Inasmuch as the Native Sons of Canada is a national organization, it would probably have been better for us to present our brief at Ottawa. The national office is, however, in Winnipeg at the present time. The national President resides here, and the National Council decided at the last moment that it would be advisable to have the brief presented in Winnipeg. The brief was prepared by Mr. J.B.Coyne, K.C., and Professor Lower and it was intended that Mr. Coyne should make the actual presentation; but yesterday Mr. Coyne found it impossible to be here to-day and it was therefore decided that I should briefly introduce the subject, leaving it to Professor Lower to review rapidly the main points of the brief.

THE CHAIRMAN: I very much regret, Mr. Smith, for the reasons that I have stated, that we shall be unable to give more than half an hour to the brief because of the necessity for the reporting and mimeographing staff to get down to work at once and have the record completed this afternoon, so that they will be able to take the train to-night.

ALDERMAN SMITH: I assure you Mr. Chairman that I shall not take more than two minutes. The brief is in the nature of an essay in political philosophy and the principles of confederation as applied to Canada.

It is our contention that in 1867 when Confederation was established it was intended by the British North America Act to set up a national unity; and there are a number of implications arising out of Confederation which perhaps have not been sufficiently explored during the past seventy years.. I suggest that these implications should now be given consideration.

In a national unity there are certain fundamental rights which every citizen -- in our case, every citizen of Canada, as a citizen of Canada -- should enjoy; and various elements in the governmental structure of the country belong properly to the Dominion as distinct from the provinces, so that in any reallocation of powers these elements would have to be taken into consideration.

We believe that in this brief there is a novel approach to some aspects of the problem, and one or two unusual points of view expressed. It is these matters in particular which we should like to bring to the attention of the Commission this morning.

Professor Lower will now review the brief.

PROFESSOR A.R.M.LOWER: I greatly appreciate your consent, Mr. Chairman, to our appearing before you at this late date and I should like to thank you for your courtesy. I would remind you that all we ask is a hearing-- in contradistinction, perhaps, to some others who have presented briefs of the Commission.

Our brief is divided into four main parts. In the first ten pages we discuss the general intent of Confederation, in which we strongly urge the organic theory of the state.

We contend that in 1867 there was set up, not a league of provinces but a nation, and we have various proofs and illustrations of that point.

Next we go on to discuss, in the succeeding pages, from 10 to 20, the conditions essential to the existence of an organic state. There are five or six of these which we consider the very minimum that are indispensable if a country is to continue as a nation. Within those same pages we discuss the question of, and the implications that arise from, the existence of a nation state, and we believe that there are various implications which have not received the consideration that they warrant in Canadian life. Those implications may prove to be of great importance in the future.

We end with the question of an amendment to the Constitution and also the question of the Privy Council, and strongly urge the abolition of appeals to that tribunal.

Under the first heading, with reference to the general intent of Confederation, we have presented three arguments that probably stand out in respect to what happened in 1867. I shall try to summarize these.

In 1867 Sir John Macdonald suggested that the new entity then created should be called the Kingdom of Canada, and the name seems to be significant; it indicates what was in his mind at that time.

The new entity was given territory far beyond the confines of the original three provinces which entered into Confederation, and this territory could only have been put into the keeping of a new national organism; it could not have been put into the keeping of a joint partnership.

I have never heard the suggestion that it was put into the keeping of a joint partnership of the three provinces, one of which incidentally was immediately dissolved into two.

Then we have what I believe is a rather interesting argument on the question of what became of the residents of the three provinces when they passed into Confederation. The text of this argument I should like to read in a moment. It will be found on page 6 of the brief.

We believe that the new entity created a new class of person, the Canadian; and we elaborate that theory a bit. If I might glance over pages 1 to 10, in which this point is discussed which I have been outlining, as to the general character of the Dominion, I would read a few extracts here and there because the question is more fully dealt with there.

On page 1 we suggest that while the distribution of powers is a very important part of Confederation it does not by any means comprise Confederation. It is a part of the machinery of Confederation. We go on to argue that, from the fact that you have a distribution of powers, you have fairly convincing proof that you have not an alliance of states. For in an alliance of states it is not likely that the states will consent to a derogation of sovereignty to that extent.

On page 2 we say :

" Such devolution and distribution of powers and responsibilities is foreign to an alliance of independent sovereignties. It can only take place where there is a political unity. There must be an amalgamation of individual units, if such units had previously existed. All powers of the united state with respect to outside affairs and major powers in all domestic affairs of general scope and interest must fall to the amalgamated entity. But, in order that the general authority, and particularly the legislative

"branch, may not be swamped with details of local regulation and administration, a measure of local government is necessary or advisable in matters local and private."

We contend that the local authority, which was continued in 1867, was a matter, largely, of pure expediency. At the bottom of page 3 we make this statement:

" What the plan fundamentally involved was the erection of a new state, transcending all its constituent parts, whether then existent or afterwards added or developed. It required a constitutional frame-work in keeping. To answer the needs and yet promote the organic unity of Canada, as a nation, is the fundamental objective of our federal system, as witness, among other things, Sir John A. Macdonald's proposal to call this country the Kingdom of Canada."

At the bottom of page 4 we go on to canvas what is very familiar ground -- the change that has taken place in the Constitution of Confederation since 1867-- and we suggest that that change has taken place almost entirely by interpretation of the original Constitution, and interpretation of a particular sort.

At the top of page 5, the first paragraph, there appears a statement that embodies what we believe to be the proper conception of the term "Canadian". I should like to be allowed to read it:

" The type of unity that was enacted in 1867 was expected to achieve various advantages, both internal and external. In particular, a new brand of citizenship was brought into existence. Before 1867 there had been Nova Scotians, New Brunswickers and Canadians. While these terms had

"no significance in law, they had meaning for the persons who went by them. Confederation was intended to empty these terms of most of their content. These persons were all British subjects, and had not their position been obscured by the overriding status of "British subject", the position of the citizen of the new Kingdom or Dominion would have had closer consideration and the Act of Confederation, we believe, would have been specific in setting up a new status, that of "Canadian citizen", just as that of American citizen had been set up under similar circumstances. In this status the previous one of "Nova Scotian" and so on, would have been absorbed. Anything else is impossible to imagine, for if the original status, for instance, of Nova Scotian citizen had been retained, there could have been no Confederation."

That is one of our chief points and we illustrate it at the top of page 6. Our general view of the nature of the organism that was set up in 1867 is contained in the paragraph in the middle of page 6:

" It was not a mere league that was formed in 1867, not a "mariage de convenance", but a genuine marriage "for better or for worse" and intended to be indissoluble. Under this union, all the parties to it abandoned their former names and took the union name, "Canadian". It was for the future as well as the then present. It created a new distinctive status."

May I now turn to page 8, where there is another rather interesting point in respect to the nature of the

Confederation structure as it was thought to be in 1867. I quote:

" It may be observed that whatever differences arose among the people of the uniting provinces in regard to the expediency of the plan of Confederation or its details, in the Conferences, or afterwards in the Legislatures and in public, there was no difference of opinion as to what was intended or as to the interpretation of the language of the resolutions. Outside misinterpretation, we repeat, is mainly the basis of our constitutional difficulties. There was no dissenting opinion, in the provinces entering Confederation, from the conviction that a national edifice was being raised. Indeed, it was because this purpose was so apparent in the Conferences and in the British North America Act that men like Dorion and Howe opposed it."

They were not by any means blind to the nature of the structure that was being erected.

" The very bitterness of the Nova Scotian cry "Sold to Canada at eighty cents a head" emphasized this view, for if a mere League of provinces had been contemplated or erected there would have been little occasion for such attitudes."

Having tried thus to establish the nature of Confederation, we ask ourselves the question: What flows from a Confederation of that sort? What flows from such an organic state? Then we examine the question at the bottom of page 9:

" If we are to have a national unit, there are certain conditions which are essential: there are

"certain aspects of life and society which are inherent in the conception of an organic state and which no mistaken interpretation of categories of power can be allowed to provincialize and obliterate. In other words, the citizen of Canada, or "Canadian national" has rights and duties by reason of the fact that he is a citizen, rights that cannot possibly be allowed to be stopped or curtailed by provincial boundaries, but which must extend uniformly throughout the country. These rights and duties are in nature those that flow from the very essence of federalism and nationhood, but which is a diversity in unity (in other words, within a federal state there may be much local difference in detail but there must be essential unity in general matters). They are Civil Rights and they are not comprehensible within a province. They are Dominion Civil Rights and as such must be under the custody of the Dominion."

In other words, we suggest that, notwithstanding the fact that civil rights were put under section 92 of the British North America Act, there is a class of civil rights that appertain to the Dominion as a whole and must be under custody of the Dominion.

THE CHAIRMAN: You contend that those rights transcend provincial boundaries?

PROFESSOR LOWER: Yes my lord.

THE CHAIRMAN: That is to say, they are not civil rights within the province, in the sense of having to do with purely local matters.

PROFESSOR LOWER: No; they are rights that are

inherent in the nature of the Canadian union, inherent in the nature of Canadian citizenship. We enumerate these rights, or at anyrate some of them.

On page 10 we mention one:

" Among the conditions of a national unit is freedom from internal customs lines."

I do not need to go into that; it is obvious and is a familiar subject. At the top of page 11 we emphasize another:

" Another condition of a national unit as opposed to a collection of units is that there shall be no impediment locally imposed against free personal passage within or across provincial boundaries."

I should like to go further into that question but time will not permit. I must therefore leave that point and go on to the next general division of the subject which is contained within these items of Dominion civil rights. What implications are there that arise from the document itself? What implications are there that are essential to the proper functioning of the Confederation pact?

A good many of these are abstruse; they are really matters to be dealt with by a lawyer. I shall however refer to them, though I will do so briefly. It does seem as if there were many matters in the British North America Act and the general Confederation structure that have not yet come up for examination. One of these is the question as to whether it is implicit in the Act that the courts shall act as interpreters or not. That question is argued on pages 12, 13 and 14.

THE CHAIRMAN: That has been accepted and acted upon ever since Confederation as being implicit in the Constitution.

PROFESSOR LOWER: Yes sir; but it is implicit and not explicit.

THE CHAIRMAN: Quite so.

PROFESSOR LOWER: And some interesting matters are brought forward here as to what would happen if a province, acting under its powers in respect of the courts, were to proceed to destroy that mutual Dominion-Provincial structure.

On page 14 a few other implications are mentioned. Nothing is said about responsible government, or Cabinet government in the British North America Act. Are these implicit, or are they not?

THE CHAIRMAN: Is not responsible government implicit in the introductory clause of the British North America Act, which recites that we are to be united under a constitution similar in principle to that of the United Kingdom.

PROFESSOR LOWER: Yes; but, of course, within the British Constitution both responsible government and cabinet government are matters of convenience rather than of law.

THE CHAIRMAN: Yes.

PROFESSOR LOWER: On page 15 the matter which I just mentioned is further discussed, and it would give point to the courts being under separate provincial action. I should like to go into that but time will not permit. At the bottom of page 15 a further set of queries as to the implications in the act are given. We say:

"Is democratic government in Dominion and provinces an implied requirement of our constitution? What does democratic government in this sense actually connote? Is a continued monarchical form of government an implication? And so on. These are all suggestions, but we have not yet had any means to analyse the content of the British North America Act."

There is much more in it, and there are many fundamental problems which we have not yet faced. That is summarized on the top of page 16. Many implications may be suggested, some of which will have to have consideration. We are just beginning to understand how many practical questions may arise which heretofore

were only regarded as extremely hypothetical or impossible. It is important to consider whether freedom of personal intercourse across provincial boundaries, the liberties, and other rights are inherent in Canadian citizenship and implied as fundamental in our constitution. As said before, implications must be made which are reasonably necessary to carry out the purpose of the constitution and make it work, or highly desirable in order to enable it to function efficiently in actual practice and the rights of Canadian citizenship are the most vital element of our constitution.

But if these important rights are not implied in our constitution, we stand for the amendment of the latter to embody these and other fundamentals. In any event full power of amendment should reside wholly in Canada and whatever machinery therefor is provided should not depend in any way upon any conference of provincial authorities nor should the assent of them or any of them be required. Experience has shown that such conferences are futile for this purpose. It is otherwise with regard to arrangements of local administration of federal powers which may well be placed in many instances on the local government, and where the latter should be consulted.

In the following paragraph we give an enumeration or itemization of dominion civil rights, and this one, sir, is I think the heart of the whole thing. What rights inhere in the nature of Canadian citizenship by which a citizen can be a good citizen. I shall now read the first paragraph on page 17:

"A third condition of a national unit presents another aspect of Dominion Civil Rights. This country was founded in the full flood of the British conception of liberty. In the nineteenth century not only had Great Britain enshrined

freedom as the guiding principle of her own domestic life but also her government on more than one occasion had shown its sympathy for other peoples struggling to be free. It was the peculiar glory of British institutions at the time of Confederation that they incorporated within them the spirit of individual freedom: freedom, national and individual, was the accepted foundation of the state. This statement is so patent that it seems unnecessary to cite proof. There is hardly a page of English writing which does not support this view."

Then we go on to indicate at the time of Confederation the two principles which had for so long struggled in English history, parliamentary supremacy and the question of fundamental law, which finally had been resolved in parliamentary supremacy, fundamental law virtually disappearing from the British Constitution. We say that the British North America Act was the product of the most complete expression of parliamentary supremacy. Now, the American constitution was the product of a period in which fundamental law was still thought of as prevailing; consequently in the American constitution the document itself is a nice example of fundamental law, law placed beyond the reach of the legislature. We have nothing like that, but we say in the middle of page 18, whether fundamental law has disappeared or not,

"The necessities of our situation, with nine provinces, imperatively require equality everywhere to some minimum degree at least--some common rights of Canadian citizenship. Those matters must be beyond provincial interference, whether or not they are embodied in a

BILL OF RIGHTS."

Now, then, sir, going on, we claim that in 1867, parliamentary supremacy, plus the concept of freedom as the basis of English life had both reached perhaps their highest degree of expression. Whatever freedom there was in the English Constitution passed into the Canadian Confederating Act; and therefore whatever liberties the subject is entitled to under English law or had been entitled to under English law, he must necessarily have become possessed of by the British North America Act. Somewhere or other in the Act, either expressed or unexpressed, explicit or implicit are all the ancient liberties of the subject; because without those liberties a Canadian cannot be a good citizen of Canada. That takes in, I think, most of page 19. Perhaps I should read the last two or three sentences of the last paragraph on Page 19:

"Those rights were underlying, basic, implicit and unchallengable. The fathers of Confederation, therefore, felt no necessity of especially referring to or safeguarding in express language the traditional liberties of the subject from provincial curtailment or annihilation."

The spirit of the times has now changed and experience has shown us that the liberties of the subject are no longer completely safe in the legislative hands of the province. What of the Dominion? If the legislature represents the will of the people, recent experience has tended to show that 'the will of the people may not necessarily be the considered will of the people. But shall established liberty on that account

shall established liberty on that account be jettisoned? Liberties sometimes have to be maintained not by, but against the majorities, temporarily at least. The distinction between legislative licence and a true democratic government here comes into the picture. But in invading the liberties of the subject, that is, in attempting to curtail the full rights of citizenship of the citizen of Canada, the province at present professes to act within its own sphere of civil rights. Even if the matter be put on no higher ground than that of preserving uniformity of citizenship throughout the dominion, a superior plane of civil rights must be recognized above the jurisdiction of the provinces and especially dedicated to guardianship of the civil rights of the citizen as a citizen of Canada."

Then we put in what we believe to be a rather striking example - hypothetical, at any rate, - of what would happen if the provinces decided to curtail civil rights. We use the rather dramatic illustration of the provinces attempting to enact the old status of slavery. As this illustration was used, I believe, in another brief, if I remember correctly, there is probably no necessity of going into it. The purport of it is to show under the Westminster Act the provinces can repeal the Imperial statute of 1833, and then by depriving the citizen, under section 92, of his civil rights, could reduce him to the status of virtual slavery; but on the other hand that individual would have all his rights under section 91. He would, therefore, be a hybrid, half slave and half free. While the example,

of course, is extreme it would appear to be possible under our present conception of leaving the complete guardianship of civil rights to the provinces.

Our contention is, of course, you cannot have a nation if you have certain provinces in which the citizen is half slave and half free; that citizenship for Canadians must be citizenship for Canadians.

May I turn now to page 23 and read the middle paragraph on that page?

"The bare right of voting at Dominion elections is hardly a large enough right in itself upon which to erect a national structure. Most of the established liberties of the subject must inhere in Dominion citizenship, if it is to be intelligent and capable of properly using its franchise. The right to obtain adequate information, to hear reasonably full discussion from all standpoints, to assemble and associate to that end, to come to a free and undictated conclusion, freely to express views with the object of persuading others, and to do that not merely within the limited time of an election but at all times, those are civil rights which must be preserved to the citizen of Canada, wherever he may be in Canada."

May I summarize this section by reading the last sentence of the first paragraph of page 24:

"If there is restriction of speech, press, assembly and association in the Province, how can they survive in Dominion matters in that province? How can equality survive in the Dominion? How can the Dominion survive as a democracy?"

Then we go on to suggest if these rights are not now implicit in the constitution we should like to see the Dominion make very much more fuller use of its powers of disallowance and reservation, perhaps even going so far as the South African example, in which, as you know, provincial legislation does not become effective until it is actually consented to by the Union Government.

On the middle of page 25 there is another reference to the general rights of a citizen. We say:

"The nature of this country's history has added to the traditional rights of the subject other rights just as sacred. This country began under the British Crown with the attempt to incorporate into the Empire a race, different in language and religion from that of the dominant one. It was soon seen that the only basis of a common life was mutual tolerance."

That lesson has often been forgotten, sir; but I should like to interpolate that that is the only condition under which this country can continue to exist, tolerance and compromise.

"Hence the guarantees of religious freedom found in the Quebec Act of 1774 and repeated in the great constitutional acts since. Guarantees of religious freedom, of religious tolerance and of linguistic freedom for either race where the other is in the minority must be placed alongside the more ancient rights of the subject and given just as strong a custody. Toleration of minorities in all cases must be observed."

In summary of this section, we suggest that the fundamental rights of Canadians be set out in the constitution either in the form of a bill of rights or by giving the Dominion control over "civil rights in so far as they relate to the exercise of the duties and rights of citizenship of the Dominion of Canada."

Then we go on to another clause that has to do with matters pertaining to the dominion as a whole. I should like to read this section as, no doubt, it will be thought rather extreme;

"The fourth condition of nationhood consists in recognition of the general as opposed to the local aspects of "property" as the word is used in section 92. "Property within the province" has virtually come to mean "property". We suggest that careful legal investigation be made of the content of the term, that it be analyzed into its component parts and that while the strictly local aspects of property law might continue with the provinces, the more general aspects should be transferred to the general government. Thus the land tenure system, succession, family relations, torts and contracts relating thereto might be left with the provinces while mercantile law, including companies and insurance, should be awarded to the Dominion. Mercantile law is substantially the same throughout Canada. This, after all would only be in the spirit of section 94 of the Act, which has been disregarded now for seventy years."

We, therefore, make a fairly direct assault on the category "property and civil rights".

THE CHAIRMAN: Is your view along the same line as that expressed by the Hon. Mr. Cahan in his public addresses

on the meaning of property and civil rights? I understood that he was stressing the view, historically, they had a more limited meaning than had been attributed to them by the courts. I am not expressing any opinion myself; I am just stating what I understood Mr. Cahan's feeling to be from his reported speeches.

PROFESSOR LOWER: I am not familiar with his addresses. We end that part of our discussion with the third paragraph on the bottom of page 26. May I quote that paragraph?

"The last condition of national unity to be discussed here has already been referred to. The residence of sovereignty must be decided. That residence must be with the Dominion. The predominance of the Dominion must be assured."

On the next few pages we set out our case against privy council appeals. It is set out in rather a technical way and I should prefer to indicate that we make as strong an argument as we can against the continuance of appeals to the privy council. May I read the last paragraph before we come to "Conclusion to Memorandum".

"The abolition of privy council appeals we feel is one of the essentials for the establishment of national unity in this country and for having a constitution that will be and remain conformable to our needs."

If you will permit me to read our summary it will finish all I have to say.

"In summary, ours is a democratic system in which the state exists for the individuals within it. The traditional approach to constitutional law through the door of the Crown, royal prerogatives, courts, and so on, working down to a

a brief consideration of the individual, has long ceased to be appropriate or adequate. Antique and voluminous learning on such topics generally obscures the vision of modern circumstances and conditions and mars the perspective. The function and purpose of the law far transcends in importance its history or its ancient forms.

This memorandum has attempted to show that the constitution, however amended, whether by interpretation, re-interpretation or enactment, must assure our unity as a nation and that this was the purpose of Confederation in the first place. "We are all as yet mere provincial politicians. By and by it is to be hoped that some of us may rise to the level of national statesmen", said Sir John Macdonald in 1869.

His words reflect the intentions on which the Dominion was founded. Essential to national unity, or in formal language, to the organic view of the state are found to be certain basic factors. These factors consist in individual rights which the national of Canada must have in common with others throughout the Dominion if he is to be really a citizen of Canada: they embrace a minimum of Canadian-wide CIVIL RIGHTS over which it is improper for any province to exercise control. They may be enumerated as follows:-

1. Freedom from internal customs lines, either open or indirect.
2. Freedom of personal intercourse across provincial boundaries and freedom within those boundaries.

3. Freedom to exercise the franchise in the fullest and most intelligent way. This implies and demands a guarantee that established liberties of the subject shall be observed everywhere in the Dominion.
4. Freedom of religion. Toleration of minorities, particularly religious and linguistic minorities of either of the two chief racial components of the Dominion.
5. Analysis and re-definition of the category "property and civil rights" in section 92, so that general aspects thereof shall be committed to the general government.

Furthermore, an essential to the existence and growth of the Canadian nation is the recognition that sovereignty inheres in the Dominion. It is possible that in securing these ends the constitutional arrangements of the Union of South Africa Act, 1910, may furnish a useful guide.

But as no amount of constitutional amendment is satisfactory if it is all to be interpreted away by a distant, unknowing and unsympathetic court, the last point we make in this memorandum is to demand that appeals to the Privy Council shall cease and that the court of last resort shall be in Canada.

We feel that if the task of constitutional revision is adopted in the spirit in which we here approach it, much may be accomplished. The provinces must cease to regard themselves as organic entities apart from, and almost without the structure of which they are in fact portions: they must remember they are limbs of a living

body. If this view be taken, concession will be easier and, while we retain for the general government the high attributes of sovereignty, we shall find that there remains to the provincial governments all the useful work that they can profitably do."

THE CHAIRMAN: A copy of the brief may be filed as an Exhibit.

EXHIBIT NO. 33: Copy of brief
presented by
Professor A.R.M.
Lower on behalf of
the Native Sons
of Canada.

CHAIRMAN'S REMARKS AT CONCLUSION
OF HEARINGS.

THE CHAIRMAN: We have now reached the conclusion of our work in the City of Winnipeg and the province of Manitoba. This hearing has been a very interesting one. We thank all parties concerned for the help they have given the Commission in its endeavour to ascertain their views, and the facts upon which they base them.

We thank the government for their courtesy in arranging our place of hearing and the accommodation which has been provided for us.

The Commission adjourned at
12.35 p.m. until 10.30 a.m.,
Thursday, December 9th., 1937,
at Regina.

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